

**TOWARD THE DEVELOPMENT OF A  
CORPORATE SOCIAL RESPONSIBILITY  
LEADERSHIP QUESTIONNAIRE**

by

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Thesis presented in partial fulfillment of the requirements  
for the degree of Master of Commerce (Industrial Psychology)  
in the Faculty of Economic and Management Sciences at  
Stellenbosch University



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December 2013

## **DECLARATION**

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**Liam Tian van Zyl**

December 2013

## ABSTRACT

In recent years, organisations in South Africa and around the world have started to realise that they have responsibilities towards the environment and communities they operate in, and that their responsibilities stretch further than just making profits for their shareholders. This growing awareness amongst organisations resulted in the concept of corporate social responsibility (CSR) to escalate in importance and significance (Carroll & Shabana, 2010). The organisations' social responsibilities entail more than merely philanthropic activities in that the "social responsibility of business encompasses the economic, legal, ethical, and discretionary (voluntary) expectations that society has of organisations at a given point in time" (Carroll & Shabana, 2010, p. 89).

Apart from being a powerful and positive force for social change, organisations can also reap multi-faceted business returns from their CSR endeavours. Large organisations that have specific positions or departments that coordinates the various components of their CSR initiatives needs competent CSR leaders who can act as champions and drive CSR initiatives in their respective organisations. The purpose of this study was to identify the behaviours/competencies necessary to be an effective CSR leader and to develop a CSR leadership measurement instrument that could be used to assess CSR leadership competencies amongst CSR leaders of South African organisations.

An *ex post facto* research design that included both qualitative and quantitative phases was used. A three-phase scale development process based on the work of Netemeyer, Bearden and Sharma (2003) was followed to develop the CSR leadership measurement instrument. Phase 1 (construct definition and domain specification) entailed a literature review, expert judging, as well as the identification of CSR leadership behaviours/competencies. The Leadership Behaviour Inventory (LBI-2) (Spangenberg & Theron, 2010; 2011) was identified to form the basis of the CSR-LQ. In-depth interviews with five CSR leaders were held and they judged the applicability of the 20 dimensions of the LBI-2 for CSR leadership. Additional CSR leader behaviours and competencies were identified through the use of the Critical Incident Technique (CIT). Phase 2 (generation and judging of measurement items) included a process of item generation and expert judgement of measurement items. The revised LBI-2 items, together with new items were compiled in a questionnaire. A 5 point Likert-type scale (1=*not at all important* to 5=*absolutely critical*) was used to judge the importance of the CSR-LQ items. A further sample of CSR leaders (n=13) served as expert judges to indicate the applicability and relevancy of the CSR-LQ items. Purposive sampling together with snowball sampling was used to generate the sample. Phase 3 (finalisation of the measurement instrument) entailed finalising the CSR-LQ prior to empirical testing.

The study resulted in the identification of CSR leadership competencies and the development of a CSR leadership measurement instrument. It is however too early to draw conclusions from this study, and it is hoped that future researchers will build on this study and develop a comprehensive CSR leadership competency model that could be used to identify and develop successful CSR leaders that will contribute to the CSR objectives of their respective organisations and add to the future development of the country.

## OPSOMMING

Organisasies regoor die wêreld, asook in Suid-Afrika, het in die afgelope jare begin besef dat hulle verantwoordelikhede het teenoor die omgewing en gemeenskappe waarin hulle werksaam is en dat hul verantwoordelikhede verder strek as om bloot wins vir hul belanghebbendes te maak. Hierdie toenemende bewustheid onder organisasies het tot gevolg gehad dat die konsep van korporatiewe sosiale verantwoordelikheid (KSV) in belangrikheid en betekenis toegeneem het (Carroll & Shabana, 2010). Organisasies se sosiale verantwoordelikheid behels meer as bloot filantropiese aktiwiteite deurdat dit ekonomiese, wetlike, etiese, en diskresionêre (willekeurige) verwagtinge wat die gemeenskap van organisasies het op 'n gegewe tydstip insluit (Carroll & Shabana, 2010).

Buiten vir die feit dat KSV 'n kragtige en positiewe mag vir sosiale verandering is, kan organisasies ook veelvuldige besigheidsvoordele uit hul KSV-pogings trek. Groot organisasies, wat spesifieke posisies of departemente het om die verskeie komponente van hul KSV-inisiatiewe te koördineer, benodig bevoegde KSV-leiers wat as kampvegters kan optree en die KSV-inisiatiewe in hul onderskeie organisasies kan dryf. Die doel van hierdie studie was om die nodige gedrag/bevoegdhede van 'n effektiewe KSV-leier te identifiseer en om 'n KSV-leierskap-meetinstrument te ontwikkel wat gebruik kan word om KSV-leierskapbevoegdhede onder KSV-leiers van Suid-Afrikaanse organisasies te meet.

'n *Ex post facto* navorsingsontwerp wat beide kwalitatiewe en kwantitatiewe fases ingesluit het, is gebruik. 'n Skaalontwikkelingsproses, gebaseer op die werk van Netemeyer, Bearden and Sharma (2003) en bestaande uit drie fases, is gevolg om die KSV-leierskap-meetinstrument te ontwikkel. Fase 1 (konstrukomskrywing en domeinspesifikasie) het 'n literatuurstudie, kenneroordeel, asook die identifikasie van KSV-leierskapsgedrag/-bevoegdhede bevat. Die Leierskapsgedrag-inventaris (LBI-2) (Spangenberg & Theron, 2010; 2011) is geïdentifiseer om die basis te vorm van die korporatiewe sosiale verantwoordelikeidsleierskap-vraelys (CSR-LQ). In-diepte onderhoude is met vyf KSV-leiers gevoer en hulle het die toepaslikheid van die 20 dimensies van die LBI-2 ten opsigte van KSV-leierskap beoordeel. Bykomende KSV-leierskapsgedrag en -bevoegdhede is geïdentifiseer deur gebruik te maak van die Kritiese Insident-tegniek (KIT). Fase 2 (skep en oordeel van metingsitems) het 'n proses van itemskepping en kenneroordeel van metingsitems ingesluit. Die hersiene LBI-2-items, tesame met nuwe items, is in 'n vraelys saamgevat. 'n Vyf-punt Likert-tipe skaal (1=*glad nie belangrik nie* tot 5=*absoluut noodsaaklik*) is gebruik om die belangrikheid van die CSR-LQ-items te bepaal. 'n Verdere steekproef van KSV-leiers (n=13) het as kenners/beoordelaars gedien om die toepaslikheid en relevansie van die CSR-LQ-items aan te dui. Doelgerigte steekproefneming deur middel van sneeubal-steekproefneming is gedoen om die

monster te genereer. Fase 3 (finalisering van die meetinstrument) het die finalisering van die CSR-LQ – voor empiriese toetsing – behels.

Die studie het gelei tot die identifisering van KSV-leierskapbevoegdhede en die ontwikkeling van 'n KSV-leierskap-meetinstrument. Dit is egter te vroeg om gevolgtrekkings uit hierdie studie te maak, en daar word gehoop dat toekomstige navorsers op hierdie studie sal voortbou. Sodoende kan 'n omvattende KSV-leierskapbevoegdheidsmodel ontwikkel word wat gebruik kan word om suksesvolle KSV-leiers te identifiseer en te ontwikkel. Hierdie suksesvolle KSV-leiers sal tot die KSV-doelwitte van hul onderskeie organisasies kan bydra en waarde kan toevoeg tot die toekomstige ontwikkeling van die land.

## ACKNOWLEDGEMENTS

The completion of my dissertation has been a joyful and fulfilling journey, and I would like to express my sincere gratitude to the following people who helped me along the way and made this achievement possible.

My supervisor and mentor, Prof. Ronel du Preez. Thank you for the time and energy you invested in me, as well as your guidance, support and encouragement throughout the past three years. Thank you for always believing in me and inspiring me to be a better person. I am very grateful that I have you as a mentor and for everything that I have learnt from you.

Prof. Callie Theron. Thank you for sharing your superior knowledge and for your wisdom, patience and encouragement.

My grandmother, Ouma Agnes. Thank you for your continuous encouragement, motivation, and support throughout the duration of my studies. Thank you for having so much faith in me and for believing in me even at times when I did not. Without you I would not be where I am today.

My family. Thank you for always believing in me, for your continuous encouragement, and for helping me however you could.

To all the participants of this study – whether it was allowing me to interview you or completing a questionnaire. Thank you for taking the time to participate in this study and for sharing your knowledge with me. Without your help, I would not have been able to complete this dissertation.

My friends and fellow students. Thank you for listening to me talk about my research, helping me where you can, and for celebrating my successes with me.

Lizaan Swanepoel and Liebrecht Fick. Thank you for proofreading my dissertation and for your valuable input.

The Lord, for blessing me with happiness, opportunities and the means to succeed.

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## CHAPTER 1: INTRODUCTION

### 1.1 ORGANISATIONS AS FORCES OF CHANGE IN SOUTH AFRICA

In current literature (Carroll & Shabana, 2010; Ferrell, Thorne & Ferrell, 2011) it is widely acknowledged that business is one of the most powerful forces of change in the 21st century. One of the major challenges facing business is to harness their potential for change and to accurately allocate it where it will be most effective and make the biggest difference. Business leaders around the world are increasingly acknowledging that new business models are emerging that can successfully combine responsible citizenship and profitability – increasing returns to shareholders, instead of forgoing them.

From the inception of the human race, businesses have been regarded as constructive partners in the communities they operate in. They have been instrumental in creating employment, wealth, products and services, and are continuously facing increasing pressure to play a larger role in public issues involving employees, stakeholders, society, government and the environment (Devi, 2009).

In recent years, organisations and the business community have realised that they have responsibilities towards the environment and the communities they operate in, and that their responsibilities go beyond that of only making profits for their shareholders. This growing awareness amongst them has caused the concept of corporate social responsibility (CSR) to grow in importance and significance (Carroll & Shabana, 2010).

CSR can broadly be defined as “situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams & Siegel, 2001, p. 118). It can also be described as “a commitment to improve [societal] well-being through discretionary business practices and contributions of corporate resources” (Du, Bhattacharya & Sen, 2010, p. 8). However, Carroll (as cited in Carroll & Shabana, 2010) argues that organisations’ social responsibilities comprise more than just philanthropic activities. According to Carroll, “the social responsibility of business encompasses the economic, legal, ethical, and discretionary (later referred to as voluntary) expectations that society has of organisations at a given point in time” (p. 89).

The concept of CSR is discussed on a daily basis, with magazines, newspapers, websites, blogs and specific journals all reporting on how the business community is adapting their practices in innovative ways to support the implementation of CSR practices (Carroll & Shabana, 2010). In today’s socially conscious market environment, the topic of CSR plays an important role and

features prominently on the global corporate agenda. Organisations around the world are devoting substantial resources to various social initiatives – ranging from community interaction and environmental protection, to the implementation of socially responsible practices throughout all their business spheres (Du, Bhattacharya & Sen, 2010).

Following South Africa's first free and democratic elections in 1994, the country created a new Constitution with an ambitious Bill of Rights that protects communities and individuals and sets goals for socio-economic progress (Parliamentary Monitoring Group, 2013). In its 19 years of democracy, the country has built a stable growing economy, supported with responsible fiscal policies that have reduced national debt and decreased the inflation rate (South Africa.info, 2013). Basic services, such as housing, water, electricity and sanitation, are also being extended to millions of people who did not have access to these before (ETU, 2003; South Africa.info, 2013). South Africa's constitutional protections are hailed as some of the best in the world, and the country is often described as the economic powerhouse of Africa. Thus, showing steady economic growth and leading the continent in industrial output and mineral production including generating a large proportion of Africa's electricity (Siqwana-Ndulo, 2013; South Africa.info, 2013).

Despite this growth that South Africa is experiencing, many people are still suffering from the evils of poverty and inequality, with approximately 50% of South Africans living below the poverty line (US\$2 a day or R524 a month per person) (NPC, 2011, p.9).

According to UNICEF, more than five million South Africans are infected with Human Immunodeficiency Virus (HIV), and more than one million have already died of Aids (UNICEF, 2010). South Africa also has a high crime rate, and millions of South Africans have been, and still are, victims of violent crime (NPC, 2011; SouthAfrica.info, 2011). Many other challenges confronting the market economy exist, including high unemployment rate, slow Black Economic Empowerment (BEE) progress, lagging infrastructure development, huge skills shortages and other developmental problems (NPC, 2011).

Businesses in South Africa can play, and more importantly should play, a role in confronting the problems mentioned above. They can align their CSR initiatives to achieve the country's stated goals of reducing poverty, accelerating and sustaining economic growth, and providing better goods and services for their citizens in terms of the National Development Plan 2030 (NPC, 2011). CSR initiatives can also play a role in bridging the skills and education gap and overcoming critical socio-economic, health and educational challenges threatening the growth and well-being of the nation.

Apart from being a powerful and positive force for social change, organisations can also gain multi-faceted business returns from their CSR endeavours. According to Porter and Kramer (2006), “CSR can be more than a cost, a constraint or a charitable deed; instead, it has turned out to be a source of opportunity, innovation and competitive advantage” (p. 28). Carroll and Shabana (2010), argue that “the economic responsibility of business is to produce goods and services that society desires and sell them at a profit” (p. 90). Serving as economic units in society is the primary role of business. Therefore, the question arises as to, how far businesses should go in their pursuit of profit? (Carroll & Shabana, 2010).

The Nobel laureate and economist Milton Friedman endorsed the principle of profit maximization, where “there is only one social responsibility of business – to use its resources and engage in activities designed to increase profits” (as cited in Carroll & Shabana, 2010, p. 90). Critics of CSR argue that economic performance is the organisation’s primary social responsibility in a capitalistic society, and if organisations fail to serve shareholders first, they fail society (Van den Ende, 2004). On the flip side, champions for CSR argue that organisations have ethical and voluntary responsibilities towards society that go well beyond simply maximising the wealth and equity of their shareholders. They argue that such a narrow focus can put pressure on management to ignore the organisation’s other stakeholders – such as its employees, suppliers and society at large – even when their interest is more important than the organisation’s shareholders (Mackey, Mackey & Barney, 2007). As members of society, organisations have the responsibility to actively contribute to the development and upliftment in the community they operate in, and society as a whole (Van den Ende, 2004).

In 1975, Kenneth Dayton stated: “I maintain that business must change its priorities. We are not in the business to make maximum profit for our stakeholders. We are in business for one reason – to serve society. Profit is our reward for doing it well. If business does not serve society, society will not tolerate our profits or even our existence” (as cited in Anderson, 1998, p. 3).

These two different views bring about the difficult dilemma that businesses are finding themselves in today: being criticized from both sides on what is the right way for them to act in the area of CSR (Van den Ende, 2004). Although there remains tension between the two different views, it can be argued that the underlying principle of both views is to maximize the well-being and prosperity of all stakeholders in the long run (Mackey et al., 2007).

Arguments in favour of CSR usually begin with the premise that it is in the best interest of the organisation to help and improve the communities in which they operate. By improving the communities and making them better places to live, they can attract workers to the business that are happy and highly motivated, and who will produce better products and services (Carroll &

Shabana, 2010). Several other arguments for organisations' support and implementation of CSR activities include (Carroll & Shabana, 2010; Epstein & Roy, 2003; May, 2006; Murphy, Überseder & Lacznia, 2013):

- The moral appeal argues that CSR is the ethical and "right thing to do". It is an organisation's duty to be a good corporate citizen;
- Taking social action can be profitable. Social needs and problems can be transformed into business opportunities that are profitable in the long run;
- The corporate image of the organisation can be improved;
- Organisations are responsible for their actions that lead to disorder, so they should take action and help to solve it;
- It will help retain current consumers and gain new ones;
- To minimise regulation by the government. Legislation cannot be implemented to fulfil every need. Hence organisations must contribute to societal responsibilities;
- The stock market will view the organisation as less risky and less open to public attack, therefore making the organisation more profitable in the long run;
- It promotes long-term economic growth;
- Today, investors prefer to invest in organisations that act in a socially responsible way;
- Organisations should engage in CSR activities because society in general expects it;
- Preventing problems from happening is better than solving them afterwards.

It is clear that organisations can gain multi-faceted business returns by being responsible and implementing CSR principles in their business operations. However, CSR does not happen spontaneously in organisations. Organisations need to embrace the philosophy of social responsibility and then follow through with the implementation of CSR initiatives. CSR is not only about the organisation giving verbal and written commitment that it will be socially responsible, but requires both action and results. The successful adoption of CSR requires a strategic focus and should form part of the organisation's vision and values. Therefore, CSR must be fully supported and championed by the organisation's top management. All the organisation's activities must be aligned and integrated to ensure that the organisation's economic, legal, ethical and voluntary responsibilities towards society are incorporated into every corporate decision (Ferrell et al., 2011).

In order for CSR to be successful, strategic coordination and collaboration are needed – between the organisation's various departments and business units, as well as with relevant stakeholders. Because of this need for coordination, large organisations that are committed to CSR usually create specific positions or departments tasked with coordinating the various components of their CSR initiatives. Medium-sized organisations might give a senior executive the additional

responsibility to oversee social responsibility, while the owner of a very small business will most likely make decisions regarding social responsibility (Ferrell et al., 2011).

The focus of this research will be on large organisations that have specific positions or departments that coordinate the various components of their CSR initiatives. These positions need to be filled by a CSR leader that can act as champion and drive CSR initiatives in the organisation. According to Maximiano (2007), “strong CSR leadership is an imperative in any formal attempt to institutionalise CSR, seemingly required by CSR to inspire and mobilise internal employees throughout the company, and to ensure wider understanding of CSR benefits and implications” (p. 238).

According to Milkovich and Boudrea (1994), effective human resource (HR) management involves two types of interventions. First, it involves the effective recruitment, selection and placement of employees, as well as regulating the flow of workers into, through, and out of the organisation. Second, it involves the maintenance and development of the current human resources in the organisation, turning them into productive employees through, for example, training, motivation, and compensation.

Therefore, it is the responsibility of HR to ensure the success of each and every employee in the organisation. This includes ensuring that a CSR leader is successful and productive in his or her work role, and is achieving the desired CSR outcomes such as fulfilling the organisation’s economic, legal, ethical and voluntary responsibilities to society. However, to provide the CSR leader with the necessary support and resources to be successful in his or her work role and achieve the desired CSR outcomes, the HR department needs to identify the leadership competencies that a successful CSR leader displays.

## **1.2 RESEARCH OBJECTIVES**

To develop and empirically test a comprehensive, all-inclusive CSR leadership competency model would be a huge task and would require a tremendous amount of time and resources. The goal of this study is to develop a CSR leadership measurement instrument that would serve as basis for developing a CSR leadership competency model in future.

The objectives of the study are:

1. To theoretically derive CSR leadership behaviours/competencies from available literature on leadership and CSR that would be applicable to CSR leaders of South African organisations in the private sector and;



2. Develop a CSR leadership measurement instrument that could be used to obtain 360° assessments of the CSR leadership competencies.

### **1.3 SUMMARY**

In Chapter 1, the scope of CSR together with the importance of CSR for South African organisations was discussed and motivated. The advantages of engaging in CSR were given, and it was argued that, in order to successfully implement CSR in an organisation, a competent CSR leader is required to successfully champion/drive the CSR initiatives. However, in order to do so, the HR department needs to identify the competencies necessary to be a successful CSR leader. The ideal would be to develop a CSR leadership competency model, but since this would be a challenging task, this study will focus on the first step, namely the development of a CSR leadership questionnaire. The chapter culminated in the outline of the research objectives of this study.

Chapter 2 provides a comprehensive review of the relevant literature, while Chapter 3 outlines the research design, the methodology used to develop the CSR leader questionnaire, the sampling strategy and data collection. Chapter 4 presents the research results, while the conclusion, limitations and suggestions for future research are presented in Chapter 5.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

In Chapter 1, the importance of CSR in organisations was argued. It was also emphasised that a competent CSR leader is needed to drive and champion CSR in organisations. As a first step in the development of a comprehensive CSR leadership competency model, this study will focus on identifying the desired behaviours or competencies of an effective CSR leader and culminate in the development of a CSR leadership measurement instrument.

Chapter 2 provides a review of the literature that deals with competencies and competency modelling, corporate social responsibility (CSR) and leadership. A review of the available literature discussing the intersection between CSR and leadership is also provided. The chapter concludes by proposing a CSR leadership competency framework from which a CSR leadership measurement instrument can be developed.

### **2.2 COMPETENCIES AND COMPETENCY MODELLING**

In the following sections, competencies and competency modelling are discussed, as well as how they can be applied to the development of a CSR leadership competency model.

#### **2.2.1 Introduction**

In today's highly competitive business environment, more and more organisations are taking a competency-based approach to management, linking competencies with the organisations' strategic objectives, plans and capabilities. Competencies are thus increasingly utilised as a basis for identifying individual and organisational needs and planning development, and can also be used to achieve the organisation's CSR objectives (Orr, Sneltjes & Dai, 2010).

#### **2.2.2 Definition of competencies**

There is large differences in the understanding of the term "competency", with the meaning of the term shifting according to the context of its use and how the user sees it fit in that situation. As a result, no consensus of the definition of the term currently exists (Bartram, 2005; Oehley, 2007).

Of the various definitions of competencies, it becomes clear that the meaning of the term is twofold, with two basic views, or themes, that can be identified (Oehley, 2007):

- Competencies are seen as underlying characteristics of a person in an occupational role, which will distinguish superior performers from average performers;
- Competencies are seen as relatively stable sets of behaviours that are instrumental in the delivery of superior performance defined in terms of outcomes for which the individual is held accountable.

These two different conceptual views that exist in the literature can be confusing, but can be clarified with the competency framework developed by the assessment group and pioneers in competency modelling, Saville and Holdsworth (SHL). According to SHL's competency framework (which will be discussed in more detail in the following section), competencies are defined as “sets of behaviours that are instrumental in the delivery of desired results” (Bantram, 2006, p. 2). When applied in the business environment, these “sets of behaviours” are behaviours the individual displays that help the organisation attain its objectives. The individual can thus be characterised in terms of a collection of critical attributes (competency potential) that determine the behaviour (competencies) that is instrumental in achieving specific outcomes for which the individual is held accountable. In terms of the SHL model, competency potential refers to person constructs, where, in turn, competencies are regarded as performance constructs. Competencies is therefore viewed as the abstract theme in a collection of related behaviours that enable success, in that it plays a key role in the achievement of some of the results for which the individual is asked to account for (SHL, 2001).

According to Bailey, Bartram and Kurz (2001), competencies can therefore be described as sets of desirable behaviours, with ‘desirable’ referring to the results or outcomes of the behaviours. The emphasis thus falls on competencies as *dimensions of behaviour*, and for the purpose of this study, Woodruffe’s (1993) conceptualisation of the term competency will be used: “A competency is a set of behaviour patterns that the incumbent needs to bring to a position in order to perform its tasks and function with competence” (p. 29).

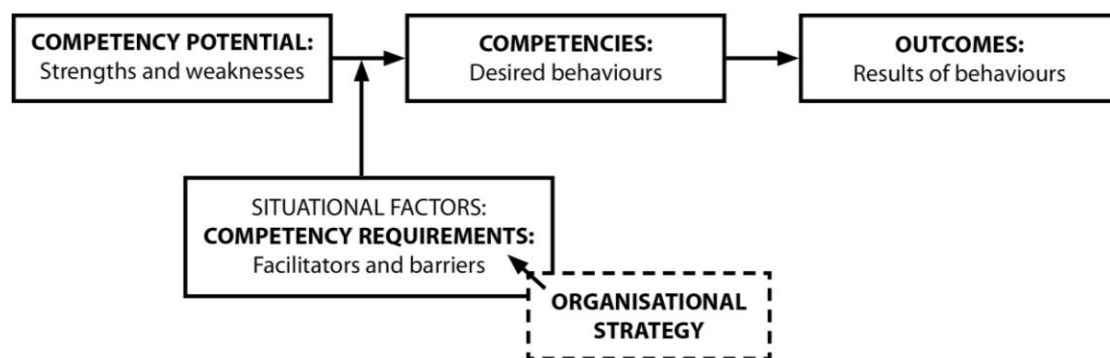
### **2.2.3 Competency modelling**

Competency modelling has caused confusion in the field of Industrial Psychology and many in the field have had trouble conceptualising and understanding the concept (Schippmann, Ash, Battista, Carr, Eyde, Hesketh, Kehoe, Pearlman, Prien & Sanchez, 2000). Competency modelling refers to the explication of a competency model and is widely regarded as holding the key to all successful human resource interventions.

A competency model is basically a descriptive tool that identifies the competencies needed to operate and be successful in a specific role within an organisation. Competency models have a

number of advantages for organisations, and investing in these models is considered worthwhile (Orr et al., 2010). One of the main advantages of competency models is their ability to help organisations adopt a more unified and coordinated approach in designing improvements to human resource management systems and interventions. Some of these systems and interventions include recruitment, job redesign, organisational learning and performance improvements, and, if utilised by organisations, can be a viable tool to prepare the current and future workforce and retain skilled incumbent employees to meet the job requirements and needs of the organisation. Competency modelling therefore helps the human resource functions leverage their strategic roles by aligning the different human resource practices (interviewing, selection, assessment, training and development, deployment etc.) to the organisations' strategic objectives (Orr et al., 2010).

A competency model can be described as a structural model comprising three domains that map a network of causally interrelated person characteristics onto a network of causally interrelated key performance areas that, in turn, map onto a network of causally interrelated outcome variables (Bailey et al., 2001; Orr et al., 2010). The person characteristics' effect on the key performance areas and the latter's effect on the outcome variables are both moderated by environmental variables such as the market context and business strategy. SHL (Bartram, 2005) refers to the person characteristics as competency potential latent variables, whereas the key performance dimensions are referred to as competencies. Figure 2.1 outlines the key elements of a competency model as conceptualised by SHL. A short outline of each element is given below.



**Figure 2.1: The relationship between competency potential, competency requirements and competencies**

(Adapted from Bartram, 2006, p. 4; SHL, 1994, p. 11)

As discussed in section 2.2.2, **competencies** are defined by SHL as “sets of behaviours that are instrumental in the delivery of desired results” (Bartram, 2006, p. 2). These behaviours are usually observable human actions leading to desired results, which are the desired outcomes of behaviour.

In terms of a CSR leadership competency model, competencies include a CSR leader's leadership behaviours that lead to specific CSR outcomes.

**Competency potential** refers to the psychological attributes (e.g. motives, personality traits, values and cognitive abilities) that enable an employee to effectively perform in the job situation (Bailey et al., 2001; Bartram, 2011). These attributes underlie the desired behaviours, meaning that they cannot be regarded as competencies in itself, but first need to be exercised in the form of desired behaviours before they can be regarded as competencies (Bailey et al., 2001).

The **results of behaviour** can be described as "the actual or intended outcomes of behaviour, which have been defined either explicitly or implicitly by the individual, his or her line manager or the organisation" (Bartram, 2011, p. 5). In terms of a CSR leadership competency model, the results of behaviour would include the intended CSR outcomes of the unit or organisation.

**Competency requirements** are defined as "the demands made upon individuals within a work setting to behave in certain ways and not to behave in others" (Bartram, 2011, p. 5). In addition to the instructions that the individual receives from his employer (i.e. the setting of individual employee goals), situational factors and barriers (e.g. the effectiveness of communication channels) will also have an influence on the realisation of competency potential into desired sets of behaviour, or competencies (Bailey et al., 2001; Bartram, 2011). According to SHL, "these requirements should normally derive from the organisational strategy and from a competency profiling of the demands made on people by the job" (Bartram, 2011, p. 5).

#### **2.2.4 Conclusion: Competencies and competency modelling**

In this study, the objective is to identify the leadership competencies of CSR leaders that are critical to the successful implementation of CSR programmes in organisations and that will lead to the desired CSR outcomes. It is important to note that the terms "behaviours" and "competencies" will be used interchangeably, as behaviours refer to the desired behaviours (competencies) that are necessary to achieve the organisation's actual or intended CSR outcomes as determined by the organisation.

After the CSR leadership competencies have been identified, a CSR leadership questionnaire will be developed that organisations can use to measure the current level of CSR leadership competence of individuals responsible for managing CSR in their organisations. Organisations can utilise the questionnaire to determine which leadership areas need further development in order to improve their CSR leader's performance to create a holistic, self-reinforcing system that ultimately enables the organisation to achieve its strategic CSR objectives.

However, before the behaviour or competencies that are necessary to be an effective CSR leader can be identified, it is necessary to first have a clear understanding of corporate social responsibility and what exactly it entails. In the following section, CSR is defined and the different concepts related to CSR are discussed briefly. After the discussion of the term, different definitions of leadership are discussed and a review of the different leadership theories is given in order to identify the theories that are most relevant when discussing CSR and leadership with the aim of identifying the behaviour or competencies that are necessary to be an effective CSR leader.

## **2.3 CORPORATE SOCIAL RESPONSIBILITY**

In the following sections, CSR are defined and the range of terminology related to CSR is discussed.

### **2.3.1 Introduction**

In South Africa, as in the rest of the world, there has been an explosion of interest in CSR. In the light of the growing economic, political, social, and environmental problems currently experienced in the country, organisations are starting to ask themselves how they can get involved in the social and environmental upliftment of the country, and what issues they should spend their money on. To a large extent it is also expected by society that organisations and the business community have a responsibility to contribute to solving these problems, and one way for organisations to do so is by establishing a CSR programmes within the organisation (Ferrell et al., 2011; Murphy et al., 2013; Van den Ende, 2004).

### **2.3.2 Corporate social responsibility defined**

In the literature, a wide variety of definitions of corporate social responsibility (CSR) can be found. In his analysis of CSR definitions, Dahlsrud (2006) states that the existing CSR definitions are largely harmonious, but confusion between them is often caused by the fact that CSR is constructed differently in different social contexts.

While definitions of CSR vary in detail, most of them place the focus on voluntary actions, designed to improve environmental or social circumstances, that go beyond the interest of the organisation and beyond what is required by law (Dahlsrud, 2006; McWilliams, Siegel & Wright, 2006). It is a balanced approach taken by organisations to improve social, economic, and environmental issues in such a way that it benefits the people, communities and the society in which they operate, and it is increasingly supported by business models and standards (Leonard & McAdam, 2003).

Carroll (1991), created a four-part definition that defines CSR as follows: “The social responsibility of business encompasses the economic, legal, ethical, and discretionary (later referred to as voluntary) expectations that society has on organisations at a given point in time” (p. 283). This definition is useful in that it specifies the organisation’s economic responsibility as a factor to be considered in CSR, viewing an organisation’s corporate responsibility as inseparable from its economic function (Carroll & Shabana, 2010; Inyang, Awa & Enuoh, 2011). The socially responsible business can thus be viewed as one that attempts to minimise its negative effects on society, while at the same time utilising its resources in such a way to maximise its positive effects. Figure 2.2 depicts the different social responsibilities expected by society of organisations.



**Figure 2.2: The pyramid of corporate social responsibility**

(Adapted from Carroll, 1991, p. 42)

The economic responsibilities of a business include producing goods and services that society wants, at a price that maintains the business, while at the same time satisfying its obligations to its shareholders (Carroll & Shabana, 2010; Matten, Crane & Chapple, 2003). Legal responsibilities refer to the positive and negative obligations businesses have by law and through regulations in the society in which it operates. Thus, it refers to obeying the laws and regulations of society (Carroll & Shabana, 2010; Ferrell et al., 2011; Van den Ende, 2004;). Ethical responsibilities comprise meeting other societal expectations not written in the law, while voluntary responsibilities (philanthropic) are additional behaviours and actions that society finds desirable and complements the business’s values (Ferrell et al., 2011).

Carroll (1991) developed the notion of CSR more explicitly when he contended that the economic and legal responsibilities of an organisation can be considered as those that society requires from them; the ethical responsibilities are those that society expects from them; and the voluntary responsibilities are those that society desires from them. A distinction was thus made between the



traditional responsibilities of organisations, which are embodied in their economic and legal responsibilities towards society, and the new responsibilities of organisations, which are embodied in their ethical and voluntary responsibilities and reflect the new, broader, social contract between organisations and society (Carroll & Shabana, 2010).

According to Van den Ende (2004), the essence of CSR goes beyond the economic and legal responsibilities of an organisation, and lies in the ethical and voluntary responsibilities of organisations towards society. Kotler and Lee (2005) see CSR in the same way and define it as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (p.3). Therefore, CSR can be seen as a continuous commitment by organisations to conduct business in an ethical manner and to contribute to the economic development of the country, whilst improving the quality of life of their workforce and their families, as well as the local community in which they conduct business, and the society at large (Van den Ende, 2004).

Cronje, Du Toit and Motlatla (2000) view CSR as having to do with the behaviour of an organisation towards its stakeholders. Hopkins (as cited in Fenwick & Bierema, 2008) shares this view and defines CSR as “treating the stakeholders of the firm ethically or in a responsible manner” (p. 25). A stakeholder can be defined as any individual or group who can affect or is affected by the activities or accomplishments of an organisation (Inyang et al., 2011). Similarly, Cohen (as cited in Inyang et al., 2011) considers the stakeholders as everyone who influences a business and is in turn influenced by a business. In terms of CSR, stakeholders include: employees, managers, shareholders, customers, investors, suppliers, government, the local community and the society at large and even the natural environment (Ferrell et al., 2011; Inyang et al., 2011; Sarma & Jena, 2006). Based on their relationships with the organisation, they can be categorised in either internal or external stakeholders (see Figure 2.3).



**Figure 2.3: Corporate social responsibility stakeholders**

(Adapted from Sarma & Jena, 2006, p. 17)



The King Report on Governance for South Africa (also known as King III) (Institute of Directors in Southern Africa, 2009), a code of corporate governance in South Africa, which is issued by the Institute of Directors in Southern Africa, defines CSR as:

The responsibility of the company for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that: contributes to sustainable development, including health and the welfare of society; takes into account the legitimate interests and expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the company and practiced in its relationships. (Institute of Directors in Southern Africa, 2009, p. 52)

After investigating a magnitude of available definitions and perceptions of CSR, it becomes clear that CSR is a concept whereby organisations integrate their economic, social, and environmental concerns in their day-to-day operations and in their interaction with their stakeholders on a voluntary basis. Marsden (2001, p. 8) sums this up by stating that:

Corporate social responsibility (CSR) is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society.

There is a growing movement among organisations to invest in sustainable practices and a realisation that sustainable business success and shareholder value can only be achieved through market-oriented yet responsible behaviour. Organisations are becoming aware that they can contribute to sustainable development by conducting their business operations in such a way that it still increases economic growth whilst ensuring environmental protection and encouraging corporate social responsibility (Ferrell et al., 2011; Van den Ende, 2004).

Carroll (1979) suggested that CSR is fundamental to numerous other theories and is repeatedly consistent with what society demands of the business community today. The concept will therefore linger as a crucial part of business language and practice.

For the purpose of this study and the development of a CSR leadership measurement instrument, Carroll's four-part definition of CSR is used.

### 2.3.3 Terminology related to CSR

The term “corporate social responsibility” is still in popular use today, even though opposing, complementary and intersecting concepts such corporate citizenship, corporate social investment (CSI), sustainable development, sustainability, triple bottom line (TBL), and stakeholder management are all competing to be acknowledged as the best descriptor of the field (Carroll & Shabana, 2010; Ferrell et al., 2011).

In the following paragraphs, the most prevalent terms applied to concepts related to CSR is discussed, as well as the distinction between them.

**Corporate citizenship:** Corporate citizenship takes into consideration the rights and obligations of organisations within a wider societal context, and is concerned with the contribution an organisation makes through its social and environmental involvement and its economic impact. Corporate citizenship can be explained as the organisation’s value system that is applied in every aspect of the organisation’s functioning (Freemantle & Rockey, 2004; Van den Ende, 2004). The evaluation of corporate citizenship is based on the perceived level of an organisation’s corporate social responsibility, and forms part of an organisation’s voluntary responsibilities towards society (Epstein & Roy, 2003).

The King Report on Governance for South Africa describes corporate citizenship as follows:

Responsible corporate citizenship implies an ethical relationship of responsibility between the company and the society in which it operates. As responsible corporate citizens of the societies in which they do business, companies have, apart from rights, also legal and moral obligations in respect of their economic, social and natural environments. As a responsible corporate citizen, the company should protect, enhance and invest in the wellbeing of the economy, society and the natural environment. (Institute of Directors in Southern Africa, 2009, p. 52)

According to Waddock (2001) the concept of corporate citizenship refers, in essence, to the way companies develop mutually beneficial, interactive and trusting relationships between the organisation and its stakeholders through the organisation’s strategies. Treating all the organisation’s stakeholders in a fair and respectful manner and working together with them to achieve mutually beneficial results all forms part of being a good corporate citizen.

**Corporate social investment:** Corporate social investment (CSI) refers to an organisation’s activities and contributions to society and the community in which they operate in that it does not

form part of their core business activities. These investments can be monetary, or in the form of organisational resources and time (Freemantle & Rockey, 2004; Ferrell et al., 2011). CSI should not be confused with CSR. The field of CSI evolved out of the broader field of CSR (Nel, 1997) and can be seen as an essential sub-set of CSR (Freemantle & Rockey, 2004). The King Report on Governance for South Africa, states that:

Corporate Investment is one manifestation of Corporate Responsibility. In the narrow sense it refers to donations and other kinds of financial assistance (made for an altruistic purpose), and in the broader sense, includes other kinds of contributions beyond just financial assistance. Whilst Responsible Investment is an important aspect of Corporate Responsibility, it should be an integral component of a broader economic, social and environmental (sustainability) strategy. (Institute of Directors in Southern Africa, 2009, p. 52)

According to Nel (1997), CSI is described as the funding of, and involvement in, socio-economic upliftment. CSI is a voluntary responsibility of organisations towards society, which aims to improve the lives of underprivileged individuals and to contribute to the upliftment of communities (Matten et al., 2003). CSI usually concentrates on the areas of housing, education, health, small business development, arts and culture, community empowerment, environmental conservation, and rural development.

From these definitions, two different areas of contribution can be identified when exploring CSI, namely internal and external contribution. Internal contribution is internally focused, and involves launching internal company programmes that focus on the upliftment and development of employees and their families in order to maintain a healthy workforce. External contribution, on the other hand, is focused outside the organisation with the objective of benefiting the community at large (Nel, 1997).

Today, CSI can be considered as one of the pillars on which CSR stands, and adds considerable value to an organisation's CSR activities.

**Sustainable Development:** In 1987, the term “sustainable development” became well known when the World Commission for Environment and Development (United Nations) published the report “Our Common Future” by Gro Harlem Brundtland. In the report it is stated that “sustainable development seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs” (as cited in Garriga & Melé, 2004, p. 61). Three fundamental components related to sustainable development are highlighted in the report, namely protection of the environment, economic growth, and social equity (Freemantle & Rockey, 2004).

According to the World Business Council for Sustainable Development (as cited in Garriga & Melé, 2004, p. 61), sustainable development “requires the integration of social, environmental, and economic considerations to make balanced judgments for the long term”. An organisation’s social, economic, and environmental practices thus provide a strong sign of its determination to grow in a sustainable way.

**Sustainability:** The term “sustainability” derives from “sustainable development” and refers to the organisation’s ability to continue operating in the long term (Freemantle & Rockey, 2004). To achieve sustainability, organisations need to pay attention to other wider firm performance areas such as social and environmental implications, and not only focus on the economic performance area. Organisations also need to implement good corporate governance principles, such as efficiency, accountability, transparency and integrity into their day-to-day operations (Hui, 2008).

The King Report on Governance for South Africa, states that:

Sustainability of a company means conducting operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. It means having regard to the impact that the business operations have on the economic life of the community in which it operates. Sustainability includes environmental, social and governance issues. (Institute of Directors in Southern Africa, 2009, p. 61)

Sustainability consequently implies that organisations must balance their need for short-term competitiveness and profitability, with the need for long-term organisational growth (Freemantle & Rockey, 2004).

**The Triple Bottom Line (TBL):** Elkington (as cited in The Economist, 2009) introduced the term “triple bottom line” (TBL) in 1994. He argued that in addition to the traditional measure of profit – the (single) bottom line of the profit and loss account – organisations should prepare two additional bottom lines: a bottom line of their “people account” and a bottom line of their “planet account”. The organisation’s “people account” measures how socially responsible an organisation has been throughout its operations, whilst the company’s “planet account” measures how environmentally responsible it has been. The TBL dimensions are commonly referred to as the three Ps: people, planet and profits (The Economist, 2009).

The TBL thus refers to organisations achieving a good balance between economic, social, and environmental performance, and denotes that the businesses’ social and environmental issues should not be regarded as less important than their more traditional imperatives like making profit (Freemantle & Rockey, 2004). According to Savitz (as cited in Slaper & Hall, 2011), the TBL

encapsulates the heart of sustainability by assessing the long term consequences of an organisation's activities on its social, human and environmental resources.

#### **2.3.4 Conclusion: Corporate social responsibility**

From the literature it is suggested that the concept of CSR has grown in importance and significance over the last couple of decades and that organisations all over the world, including in South Africa, are asking themselves how they can achieve levels of economic, social, and environmental performance that are balanced and integrated.

The successful implementation of CSR is determined by a two factors. The individual responsible for driving CSR in the organisation needs a broad outlook and a variety of stakeholders need to be taken into account in order to improve social, economic, and environmental issues in such a way that it benefits the people, communities and the society in which the organisation operates.

Now that the concept of CSR has been defined and there is a understanding of what CSR entails, leadership is defined and a overview of the various leadership theories that have been developed over time is given.

### **2.4 LEADERSHIP**

In the following section, the evolution of the different leadership theories is discussed in order to provide an understanding of the leadership construct. Special attention is paid to the neo-charismatic leadership paradigm and the transformational leadership models, as it is believed that the theories in this paradigm are strongly related to CSR leadership.

#### **2.4.1 Introduction**

Definitions of leadership are bountiful, with no single, universally accepted and agreed upon definition available today (Spendlove, 2007; Stewart, 2006; Yukl, 2010). After a comprehensive review of the leadership literature, Stogdill (as cited in Yukl, 2010, p. 20) came to the conclusion that "there are about as many definitions of leadership as there are people who have attempted to define the concept".

Over the past century, leadership has been defined in terms of individual characteristics and leadership traits (personal trait theories), the behaviours displayed by leaders (behavioural leadership theories), leadership style and the situations a leader faces (situational and contingency theories), and how leaders and followers interact and have an impact on one another (relational leadership theories) (Abu-Tineh, Khasawneh & Al-Omari, 2008; Yukl, 2010).

Leadership definitions range from the simple to the abstract (Johnson, 2002). To illustrate the wide range and the great number of leadership definitions, Yukl (2010, p. 21) quotes representative definitions presented over the past 50 years as follows:

- Leadership is “the behaviour of an individual ... directing the activities of a group toward a shared goal” (Hemphill & Coons as cited in Yukl, 2010, p. 21).
- Leadership is “the influential increment over and above mechanical compliance with the routine directives of the organization” (Katz & Kahn as cited in Yukl, 2010, p. 21).
- “Leadership is exercised when persons ... mobilise ... institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers” (Burns as cited in Yukl, 2010, p. 21).
- “Leadership is realised in the process whereby one or more individuals succeed in attempting to frame and define the reality of others” (Smircich & Morgan as cited in Yukl, 2010, p. 21).
- Leadership is “the process of influencing the activities of an organised group toward goal achievement” (Rauch & Behling as cited in Yukl, 2010, p. 21).
- Leadership is about “articulating visions, embodying values and creating the environment within which things can be accomplished” (Richards & Engle as cited in Yukl, 2010, p. 21).
- Leadership is “a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expended to achieve purpose” (Jacobs & Jaques as cited in Yukl, 2010, p. 21).
- Leadership “is the ability to step outside the culture ... to start evolutionary change processes that are more adaptive” (Schein as cited in Yukl, 2010, p. 21).
- “Leadership is the process of making sense of what people are doing together so that people will understand and be committed” (Drath & Palus as cited in Yukl, 2010, p. 21).
- Leadership is “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organisation” (House et al. as cited in Yukl, 2010, p. 21).

According to Yukl (2010), the above definitions vary in different aspects, such as the kind of influence exerted, the envisioned purpose of the influence, how the influence is exercised, and the desired consequences of the attempted influence. Most of the definitions do, however, reflect the assumption that leadership involves a social influence process whereby a leader exerts influence over people (Yukl, 2010). The notion that leadership involves a social influence process is continued by Shokane, Stanz and Slabbert (2004) who describe leadership as “the process of influencing, motivating, supporting, facilitating, and encouraging employees in pursuit of organisational goals through the means put together by all members of the business” (p. 1) and by

Locke and Kirkpatrick (1991) who define leadership as “the process of inducing others to take action toward a common goal” (p. 2).

In 1990, Kotter put forward a modest definition of what leaders do:

... it (leadership) produces movement. Throughout the ages, individuals who have been seen as leaders have created change, sometimes for the better and sometimes not. They have done so in a variety of ways, though their actions often seem to boil down to establishing where a group of people should go, getting them lined up in that direction and committed to movement, and then energizing them to overcome the inevitable obstacles they will encounter along the way. (p. 4)

In line with Kotter’s view of what leaders do, Laub (2004) defines a leader as “a person who has vision, takes action towards the vision and mobilizes others to become partners in pursuing change” (p. 4). According to Shokane et al. (2004), this “mobilizing of others” is one of the advantages of having good leadership in organisations. Dalglish (2009) reminds us that leadership can happen at all levels of organisations – be it political, public sector or not-for-profit organisations – and not only at the top of business organisations.

According to Dalglish (2009), one useful way of understanding leadership is by examining the various roles and/or functions carried out by leaders. A role can be described as a set of expected behaviours or activities stemming from an individual’s job position. This perspective of leadership is based on what leaders do and the roles and functions they fulfil in an organisation. After reviewing the relevant leadership literature, Dalglish (2009, p. 6) identified the following important roles, tasks or functions of a leader:

- creating a vision, direction, goals;
- communicating with followers;
- motivating and empowering;
- affirming and reaffirming values;
- aligning people, management of meaning and achieving workable unity;
- serving as a symbol;
- managing trust;
- managing self.

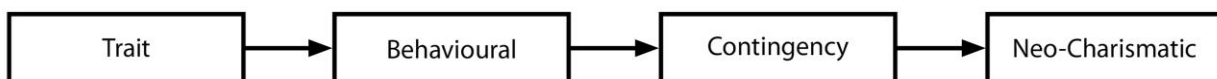
After reading the above definitions of leadership, it is suggested that ambiguity exists in the meaning of leadership, with no single, universally accepted definition. Researchers also differ on



what constitutes effective leadership, and may use different definitions of leadership depending on the purpose or focus of the research project (Stewart, 2006; Spendlove, 2007; Yukl, 2010). Having said this, the discourse on leadership might best be understood by discussing the various leadership theories that have been developed over time to explain the leadership phenomenon.

## 2.4.2 Evolution of leadership theories

Over time, various leadership theories have been developed in order to explain the leadership phenomenon. Leadership researchers grounded their theories in different aspects such as the individual characteristics of leaders, the behaviours displayed by leaders, leadership style and the situation a leader faces, etc. (Abu-Tineh et al., 2008; Yukl, 2010). The evolution of leadership can be traced from the introduction of trait theories in the late 1920's, to behavioural theories, through to contingency and to the neo-charismatic theories of leadership (Mantlana, 2006; Owusu-Bempah, Addison & Fairweather, 2011). Figure 2.4 diagrammatically represents the development of the major leadership theories, each of which will be discussed in the following sections.



**Figure 2.4: Development of leadership theories**

(Adapted from Mantlana, 2006, p. 24)

### 2.4.2.1 Trait theories

The trait approach was one of the earliest attempts to study leadership in a systematic manner (Robbins, 2003; Yukl, 2010). According to the trait theory, leaders possess special physical and personality characteristics that determine leadership effectiveness and set them apart from others (Öğüt & Attar, 2007). According to Stoner & Freeman (1989), the popular view was that “leaders are born, not made” (p. 23). Leaders were believed to be endowed with certain traits that set them apart from other individuals and were subsequently labelled “natural leaders” (Yukl, 2010).

Traits were categorised as those relating to physical characteristics (e.g. height, appearance and energy levels), personality characteristics (e.g. self-esteem, dominance and emotional intelligence) and the individual's ability (e.g. verbal fluency, general intelligence and social insight) (Abu-Tineh et al., 2008). Effective leaders were said to possess traits such as aggressiveness, self-confidence, integrity, initiative, emotional stability and interpersonal relations (Öğüt & Attar, 2007). Supporters of the trait theory did not believe that individuals could be trained to become leaders and situational attributes and follower characteristics were not taken into account as it was considered as insignificant by researchers (Owusu-Bempah et al., 2011).



In 1948 Stogdill added a contextual element to the trait theory after analysing the results of 124 trait studies. He concluded that someone does not grow to be a leader as a result of possessing some combination of traits, but that the combination of traits of the leader should also display some pertinent relationship to those of his or her followers (Stogdill, 1948). This brought an end to the initial notion that leaders were born and not made. Stogdill further found that an individual's social background (e.g. education and social status) and task-related characteristics (e.g. need to achieve, desire to excel and task orientation) also provides a base from which one individual can be differentiated from another in terms of leadership (Stogdill, 1948).

Due to inconsistencies in the trait theories, there was a move away from such theories in the 1940's. Some of the drawbacks included the lack of information on which traits related to effective leadership, and the difficulty in measuring them due to their embedded subjectivity. It became evident that effective leadership cannot be attributed to the personal traits of the leader alone. From the late 1940's onwards the emphasis shifted to the different behavioural styles demonstrated by leaders (Coetzee, 2008; Mantlana, 2006; Öğüt & Attar, 2007).

#### **2.4.2.2 Behavioural theories**

The deficiencies in the trait theory steered researchers towards an investigation of the behaviours that specific leaders exhibited. They realised that the personal traits of leaders are not solely indicative of effective leadership and began to focus on what leaders did and the behaviours displayed by them in given situations (Öğüt & Attar, 2007). Attention thus shifted to "what leaders *did*, rather than on what they *were*" (Erasmus, 2009, p. 25). The behavioural approach to leadership claims that the leader's behaviour towards followers determines whether the leader is effective or ineffective and follows the conviction that leadership can be learned (Coetzee, 2008; Erasmus, 2009; Owusu-Bempah et al., 2011).

In 1945, researchers at the Ohio State University set out to identify independent leadership behaviour dimensions that were essential for the attainment of organisational goals. After conducting extensive research, they identified two dimensions that accounted for most leadership behaviours described by employees: *consideration* (the leader recognises and reacts to the requirements and desires of his or her followers) and *initiating structure* (the leader sets objectives, puts resources in place to reach them, and establishes a timeframe for completion of the job) (Robbins, 2003).

Research (with the similar research objective as to identify leadership behavioural characteristics related to performance effectiveness) was also conducted at the University of Michigan. The researchers at the University of Michigan proposed two dimensions of leadership behaviour related

to performance effectiveness, namely *relationship-orientated* and *task-orientated* behaviour. They proposed that the productivity of a group increases with participative leadership and behaviours that are employee-centred, such as being friendly to them (Öğüt & Attar, 2007; Robbins, 2003). Research conducted on the behavioural theories led to the development of models that described the particular dimensions of leadership behaviours, such as the Managerial Grid Matrix developed by Blake and Mouton in 1964.

Blake and Mouton's Managerial Grid Matrix consists of five different leadership styles along the two dimensions of *concern for people* and *concern for production* (Öğüt & Attar, 2007; Robbins, 2003). The emphasis placed on each of the two dimensions ultimately determines the kind of leadership behaviour displayed by the leader. According to the Managerial Grid Matrix, the ultimate leadership style would be a combination of high concern for both employee satisfaction and production, resulting in an increase in employee satisfaction, improved performance, and low employee absenteeism and turnover (Stoner, Freeman & Gilbert, 1995).

The main implication of the behavioural theories was that leaders could be trained and developed to increase their leadership qualities. The behavioural theories did, however, not go without criticism, with the main criticism being that they did not consider the situational factors that affect leadership and the behaviours required by them to be successful in a variety of situations or contexts (Coetzee, 2008; Erasmus, 2009; Owusu-Bempah et al., 2011). The criticism of the behavioural theories led to the development of the contingency theories of leadership.

#### **2.4.2.3 Contingency theories**

Contingency theories lay emphasis on the importance of contextual factors that influence the leadership process. They contend that there is not any single best way of leading and that a leadership style that is successful in one situation may not necessarily be successful in another. A leader's ability to lead is reliant on various situational factors, including the leader's favoured leadership style, the characteristics of followers, and other situational factors such as the type of organisation and the nature of the external environment (Barbour, 2008). The optimal leadership style is thus believed to be dependent on the particular situation a leader faces (Vroom & Jago, 1995), suggesting that the leader's orientation must match the needs of the situation (Yukl, 2010).

In 1967 Fiedler, who is generally considered the father of leadership contingency theory, developed a contingency model by asserting that there are three situational variables that determine appropriate leadership behaviour. They are leader-member relations (the personal relationship between the leader and group members), task structure (the degree to which tasks are structured with clear goals and responsibilities) and position power (the power and authority that

are connected to a leader's position). According to Fiedler, the combination of the three contingencies create favourable or unfavourable situations for the leaders, and high levels of leader-member relations, task structure and position power provide the most constructive situation as it places the leader in a position to exert influence over others (Barbour, 2008). Fiedler's theory further emphasised the need to place leaders in positions that favoured them, or to adapt the situation to match the leader's style (Van Seters & Field, 1990).

Hersey and Blanchard took Fiedler's theory further and developed a contingency theory that suggests that leadership style should be in line with the "readiness" or "maturity" of employees (Stoner et al., 1995). According to the theory, the readiness of an employee determines the optimal mix of task-orientated and relations-orientated behaviour for the leader. Readiness refers to the employee's need for achievement, self-confidence, willingness to take responsibility, task-related ability, and experience. As the readiness of an employee increases, the leader should be more relationship-orientated than task-orientated, since they need less direction from their leader (Barbour, 2008). Leadership is therefore seen as a vigorous process that constantly changes from one situation to another (Yukl, 2010).

The path-goal theory, as developed by House in 1971, emphasises the leader's role in clarifying to followers how they can achieve high performance and the rewards associated with it (Stoner et al., 1995). According to House (1971), "The motivational functions of the leader consist of increasing personal pay-offs to subordinates for work-goal attainment, and making the path to these pay-offs easier to travel by clarifying it, reducing road blocks and pitfalls, and increasing the opportunities for personal satisfaction en route" (p. 324). In essence, this theory tries to explain the impact that leader behaviour has on the motivation, satisfaction, and performance of followers in a given situation, with the contingency in this theory being the leader defining the path to followers and explaining the rewards that go with it (Owusu-Bempah et al., 2011).

Vroom and Yetton and Vroom and Jago (as cited in Stoner et al., 1995) conducted further research and developed a contingency model for leader decision-making in the form of a decision tree. The Vroom-Yetton model identifies five leadership styles used for decision-making, ranging from authoritarian approaches and consultative approaches, to a fully participative approach (Barbour, 2008; Stoner et al., 1995). The leadership style is chosen based on seven questions from the decision tree that managers can ask themselves. According to Vroom and Yetton, the effectiveness of a leader's decision depends on the quality of the decision and the acceptance of the decision by followers, which are both affected by follower participation during decision-making (Stoner et al., 1995). Vroom and Jago further extended the Vroom-Yetton model by stating that the overall effectiveness of leadership is a function of "the effectiveness of decisions minus the cost of making the decisions plus the value realised in developing people's abilities by means of

committed decision making” (Vroom & Jago as cited in Stoner et al., 1995, p. 487). Thus, Vroom and Jago argue that even if an effective decision is made, the overall leadership in that given situation cannot be viewed as effective when the process of reaching the decision is a costly one and does little to develop others in the organisation (Barbour, 2008).

The contingency theories thus lay emphasis on the importance of contextual factors that influence the leadership process and state that leaders can adapt their leadership style to be more effective according to the situation (Barbour, 2008; Stoner et al., 1995). The main criticism of the contingency theories is that they are more concerned with management than with true leadership. They provide supervisors and managers with models of how to select an appropriate leadership style for certain situations, rather than focusing on motivating and inspiring followers and leading organisational change (Stoner et al., 1995).

The various leadership theories discussed above are summarised in Table 2.1 on the following page.

**Table 2.1*****Summary of trait, behavioural and contingency leadership theories***

<b>Trait theories</b>	<b>Behavioural theories</b>	<b>Contingency theories</b>
<ul style="list-style-type: none"> <li>• Leadership is basically inborn.</li> <li>• Have implications that leadership cannot be developed.</li> <li>• Leaders could not be trained to improve their existing leadership capabilities.</li> <li>• There is correlation between leadership behaviour and personality traits, physical and intellectual attributes.</li> <li>• There is a specific set of traits that always differentiates leaders from followers, and effective from ineffective leaders.</li> <li>• Leadership qualities are inherent and immutable.</li> <li>• The innate personality of a person determines whether or not he or she has leadership qualities.</li> </ul>	<p>Have implications for the possibility that:</p> <ul style="list-style-type: none"> <li>• Behaviour can be learned and it can be acquired.</li> <li>• Leaders can be trained.</li> <li>• Leadership can be taught.</li> <li>• Personality can be acquired.</li> <li>• Leadership knowledge and skill can be acquired.</li> <li>• Educational programmes can be designed for training effective leaders.</li> </ul> <p>Leadership behaviours were grouped into:</p> <p>1. Two-dimensional orientation:</p> <ul style="list-style-type: none"> <li>• Initiation structure and consideration (Ohio State University studies).</li> <li>• Production orientation and employee orientation (University of Michigan studies).</li> <li>• Concern for task and concern for people (Blake and Mouton Leadership grid).</li> </ul> <p>2. Three-dimensional orientation:</p> <ul style="list-style-type: none"> <li>• Production, employee and development orientation (Scandinavian studies).</li> <li>• The leader guides and motivates followers in the direction of goals by clarifying roles and tasks required.</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate the importance, to the leader, of situational factors and follower needs and characteristics, and they adjust leadership style accordingly.</li> <li>• Contribution of the leader to group performance depends on the leadership style in terms of task orientation, people orientation, leader-follower relations as well as the favourableness of the situation.</li> <li>• Often referred to as the "it depends" approach to effective leadership.</li> <li>• Assume that there is no best approach to effective leadership.</li> <li>• Under condition <i>a</i>, style <i>x</i> would be appropriate while under condition <i>b</i>, style <i>y</i> would be appropriate.</li> <li>• Stress the influence of the total set of conditions under which the leaders must function.</li> <li>• Leaders must be able to identify the situational conditions and vary the leadership style accordingly.</li> <li>• Any one style of leadership is not equally effective in all situations.</li> <li>• Are guided by the general orienting hypothesis that organisations whose internal features match the demands of their situations and environments will achieve the best adaptation.</li> <li>• Different environments and situations place different requirements in organisations, especially environments characterised by uncertainty and rapid rates of change in situations. These present different demands, both constraints and opportunities on organisations than stable environments.</li> </ul>

(Mantlana, 2006, pp. 31 - 33)

Thusfar, the widely known conventional leadership theories have been discussed. The next section deals with the paradigm of the new age – the neo-charismatic leadership paradigm. Since the theories and models of the new age leadership paradigm are the focus of this study, they are discussed separately in the following sections.

### **2.4.3 Neo-charismatic leadership paradigm**

Since the mid-1970's there has been a substantial increase in the theoretical and empirical literature concerning the behaviours that constitute outstanding leadership. Several leadership scholars have developed theories that attempted to explain how leaders achieved extraordinary accomplishments, such as successfully leading organisations through difficult times, turning around the profitability of financially unsuccessful firms, gaining market share in markets with fierce competition, revitalizing stale and stagnant organisations, and reinventing organisations in response to changes in the external environment. All these theories have been supported by rigorous empirical investigation. These theories include the theory of charismatic leadership developed by House in 1977, the attribution theory of charisma developed by Conger and Kanungo in 1988, the transformational leadership theories developed by Burns (in 1978) and Bass (in 1985), and the visionary leadership theories developed by Bennis and Nanus (in 1985) and Sashkin (in 1988). This class of theory constitutes a new paradigm in the study of leadership as it places an emphasis on leader-follower values, motives, and leader self-concepts. In the new leadership paradigm, leaders are likely to communicate an ideological vision, stress the values embodied by the vision, and try to identify with the collective. Since Weber's (1947) conceptualisation of charisma is a central concept of these theories, this new genre of leadership is often referred to as the neo-charismatic leadership paradigm (House, 1995).

According to Robbins, Odendaal & Roodt (2003), the theories of the neo-charismatic paradigm share three mutual themes:

- They emphasise leader behaviours that are symbolic and appeals to follower emotions;
- They try to explain how it is possible for some leaders to reach astonishing levels of follower commitment;
- They look at leadership in an holistic, simple and practical way.

House (1995) further states that:

The theories of the neo-charismatic paradigm assert that exceptionally effective leaders are visionary, offer innovative solutions to major social problems, stand for non-conservative if not radical change, generally emerge as more effective under conditions of social stress and crises, and induce significant and organisational changes. (p. 414)

Thus, the theories of the neo-charismatic leadership paradigm all share common characteristics. First, they attempt to explain how leaders are capable of leading organisations to achieve remarkable results even in restrictive conditions. Second, the theories also explain how leaders are able to attain high levels of follower commitment, dedication, trust, respect, allegiance, and performance. Third, the theories highlight leader behaviours that are symbolic and emotionally appealing, such as vision, role modelling, empowerment, risk-taking, image-building and caring behaviours, as well as cognitive-oriented behaviours such as adaptation, resourcefulness, environmental awareness, and intellectual stimulation. And last, the theories specify the leader's impact on followers, including his or her self-esteem, identification with the leader's personal values, his or her vision, as well as follower commitment and satisfaction (House & Aditya, 1997).

A number of studies have investigated the theories of the neo-charismatic paradigm. Collectively, the empirical findings of more than one hundred studies have found that leaders described as being visionary, transformational, or charismatic cause followers to become motivated and dedicated to the leader's vision, to make significant personal sacrifices to further the leaders vision, and to perform beyond expectations, especially under conditions of crises (Fiol, Harris & House, 1999).

The most widely known of these theories are the charismatic, transactional and transformational leadership theories (Robbins et al., 2003).

#### **2.4.3.1 Charismatic leadership theories**

Sociologist Max Weber originally advanced the theory of charismatic leadership in 1947 (Weber, 1947). According to Weber (1947), this kind of leader is believed to possess some extraordinary qualities, which they and their followers believe have been inspired by some transcendental power. Charismatic leaders usually thrive in environments that involve high degrees of stress and uncertainty. Such leaders earn the trust and respect of their followers, appeal to their emotions, and enlist their enthusiasm because they are perceived as radical change agents (Robbins et al., 2003).

Charismatic leaders are characterised by a number of personal characteristics. They have a vision, are prepared to take risks, are sensitive to changes in the external environment as well as to the needs of their followers, and exhibit extraordinary behaviours. They influence their followers by articulating a vision of a better future, communicating high performance expectations to followers, expressing confidence in the capability of their followers, and by engaging in unconventional behaviour that demonstrates courage and conviction about the vision. As a result, charismatic



leaders set an example for their followers and motivate them to go beyond self-interest (Robbins et al., 2003).

#### **2.4.3.2 Transactional leadership theories**

According to Tavanti (2008), transactional leadership is frequently described as a cost-benefit exchange between leaders and their followers. Most of the leadership theories discussed in section 2.3.2 (e.g. the Ohio State University studies, Fiedler's theory, Blake & Mouton's managerial grid, and House's path-goal theory) are based on transactional leaders, with the transaction or exchange usually involving something of value between what the leader owns or controls and what the follower wants in return for his/her services (Robbins et al., 2003; Tavanti, 2008). According to Bass (1998), "transactional leadership occurs when leaders reward or discipline followers depending on the adequacy of the followers' performances" (p. 6). It further involves guiding and motivating followers into a direction of established goals by clarifying the goal (Tavanti, 2008). After establishing goals and clarifying roles and tasks' objectives, the transactional leader will choose either not to interfere in his or her followers' business (unless there are deviations from rules or standards) or to stay passive and only intervene when desired goals or standards are not met (Robbins et al., 2003).

Although several researchers advocate that transactional leadership is an effective style for producing performance, they propose the incorporation of transformational leadership to serve as a complement to the transactional leadership style (Öğüt & Attar, 2007). This view is supported by Bass (as cited in Stoner & Freeman, 1989), who asserts that full efficiency can only be achieved by leaders who use their personal vision and energy to inspire their followers.

#### **2.4.3.3 Transformational leadership theories**

In contrast to transactional leadership, transformational leaders focus on the individual and the abilities that can be improved to produce outstanding performance. Burns (1978) views a transformational leader as one who has the ability to motivate followers to be efficient and effective by directing his or her communication and efforts towards the accomplishment of organisational goals. They elevate followers to a higher sense of "self" and use team work to reach organisational objectives by allowing each member to operate in their area of expertise. Furthermore, they have the ability to see the big picture and are constantly on the lookout for new ideas that will move the organisation closer to the stated vision (Burns, 1978).

Bass (1990) took the theory of transformational leadership further and identified four behaviour dimensions as being associated with transformational leadership style, namely *charisma*, *inspiration*, *intellectual stimulation* and *individual consideration*. Charisma provides vision and a



sense of mission, imparts a sense of pride in followers, and gains respect and trust. Through inspiration, high anticipations are communicated, symbols are used to focus efforts, and essential purposes are expressed in easy ways. Intellectual stimulation encourages intelligence, rational thinking, and problem solving amongst followers; while individualised consideration involves giving personal attention and treating each follower individually (Bass, 1990).

According to Robbins et al. (2003), evidence supporting the superiority of transformational leadership over transactional leadership is overwhelming. In a study done by Bass and Avolio (as cited in Robbins et al., 2003) they found that by adding transformational leadership to the base transactional styles such as the models proposed by Blake and Mouton's managerial grid, followers are more motivated, productive and satisfied. The study was based on their Multifactor Leadership Questionnaire (MLQ), which comprises the four dimensions of transformational leadership (charisma, inspiration, intellectual stimulation and individualised consideration) and confirms that leaders who receive a greater appraisal from their followers on the different transformational leadership behaviours perform better and have higher job satisfaction than those who do not.

Table 2.2 highlights the main differences between the transactional and transformational leadership approach, as compiled by Du Rand (2001).

**Table 2.2**

***Comparing transactional and transformational leadership***

<b>Transactional leadership</b>	<b>Transformational leadership</b>
By means of constructive rewards, it leads to satisfactory short-term rewards. Focus is on hard quantitative data.	Leads to performance beyond expectations in the long run without compromising human values and dignity.
Management-by-exception is used as the dominant leadership style. Focus on the mistakes of followers and intervene if standards are not met.	A sense of vision and mission is used to mould trust and pride in followers. Leaders are role models. Personal attention is given to each individual employee.
Finding deviations from set standards and taking corrective action, if needed, solves problems.	Appealing to the intelligence of followers solves problems. Old assumptions are questioned and innovative ways are used to solve problems.
Focuses on getting the job done and the survival needs of people.	Gives meaning to the lives of workers.
Concerned about politics, position, power and perks.	Focuses on values, purposes, morals and ethics.
Usually preoccupied with daily matters.	Transcends daily concerns.
Unable to distinguish causes from symptoms. More concerned about treatment than prevention.	Able to distinguish causes from symptoms. Works at preventing the problem in the future.
Is reactive and impatient.	Is proactive and patient.
Human relations are used to smooth out human interaction.	Taps human potential. Develops and identifies new talent.
Role expectations are met by working within current systems.	Jobs are redesigned in order to make them meaningful and challenging.
Systems that support bottom line, raises efficiency and produces are utilised.	Structures and systems are aligned to overarching values and goals.

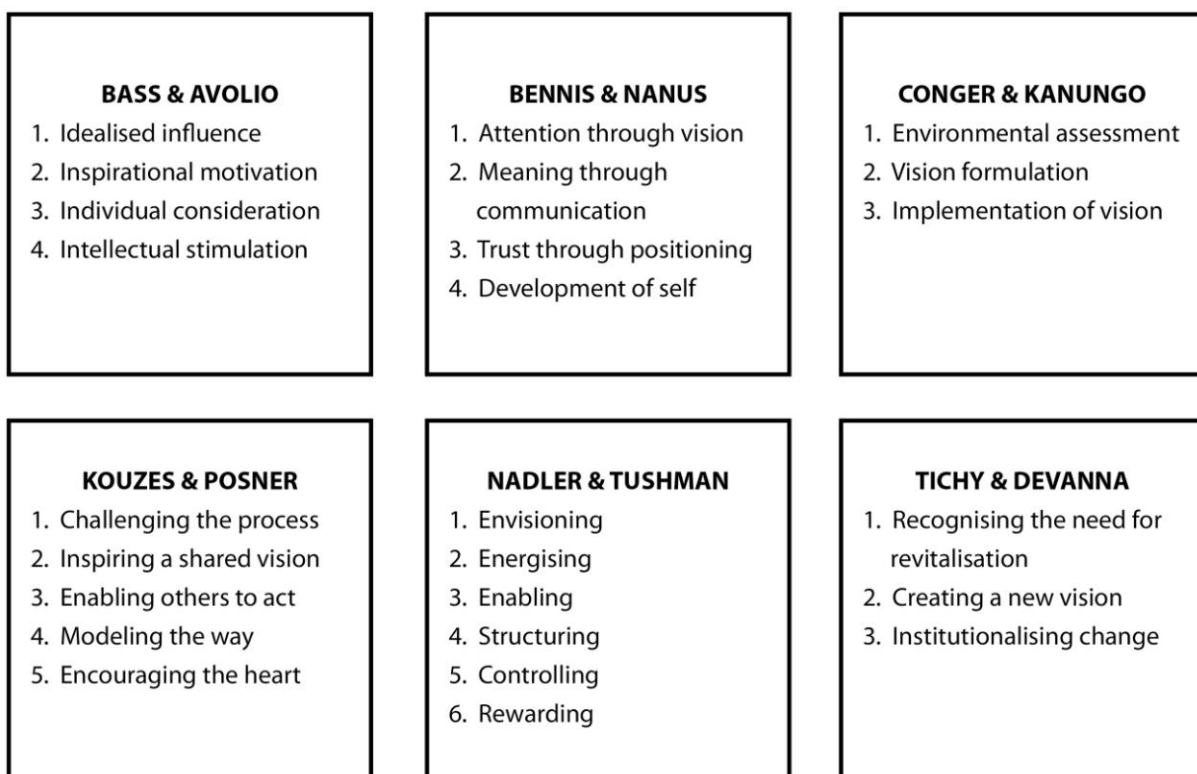
(Du Rand, 2001, p. 51)

The theories of the neo-charismatic leadership paradigm are especially useful when building a competency model or when identifying the competencies that are necessary to be a successful CSR leader, because the focus is on the *behaviours* that constitute outstanding leadership. The transformational leadership theories have enjoyed the largest amount of attention of the theories of the neo-charismatic leadership paradigm and evidence supporting the superiority of transformational leadership over transactional leadership is overwhelming (Robbins et al., 2003).

Before identifying the leadership behaviours necessary to be a successful CSR leader, a thorough review of the main models of transformational leadership competencies is given.

#### 2.4.4 Models of transformational leadership

During the last few decades, different researchers set out to identify effective leadership behaviours and developed different models of transformational leadership competencies (Du Rand, 2001). In the following section, six models of transformational leadership is discussed. Figure 2.5 gives a comparison of the six models, and illustrates the essence of each model.



**Figure 2.5: A comparison of six different models of transformational leadership**

(Adapted from Du Rand, 2001, p. 52)

#### 2.4.4.1 Bass and Avolio

As early as the 1990's, Bass and Avolio (1990) emphasised the importance of developing transformational leaders in order to be responsive to changes in the external environment and to renew organisations from within. According to Bass and Avolio (1992), transformational leaders are influential, considerate, inspirational and stimulating. These leaders inspire desires within their followers (the desire to achieve, to engage in self-development, and to foster a culture that promotes the development of groups and organisations) by arousing followers' awareness of central issues and increasing their self-confidence (Yukl, 2010).

Bass and Avolio created a transformational leadership model that attempts to explain how leaders draw the attention of their followers to an idealised goal and inspire confidence in them to achieve the goal. The original formulation of the theory by Bass in 1985 included three behavioural components of transformational leadership, namely *idealised influence* (or charisma), *intellectual stimulation* and *individualised consideration*. A revision of the theory led to the inclusion of another transformational behaviour, namely *inspirational motivation* (Bass & Avolio, 1992). The four behavioural components are outlined as follows (Antonakis, Avolio & Sivasubramaniam, 2003; Mester, Visser, Roodt & Kellerman, 2007; Stewart, 2006; Yukl, 2010):

*Idealised influence* refers to the behaviour of leaders that results in them being seen as role models by their followers – subsequently gaining the respect, trust, confidence and loyalty of their followers. Leaders earn this recognition by considering the personal needs of their followers, sharing risks with them, and displaying strong ethical principles and high standards of moral conduct. Leaders who display idealised influence also have a compelling mission and vision that pictures the future concretely. Also, the leader only uses his/her power when necessary, and will not abuse his/her power for personal gain.

*Inspirational motivation* refers to the behaviours of leaders who inspire and motivate their followers and provide meaning and challenge to their work. The leader displays optimism and enthusiasm and communicates an appealing vision that provides shared and challenging goals and awakens team spirit. Through actions, the leader displays commitment to the goals and vision and creates clearly communicated expectations that followers want to meet.

*Intellectual stimulation* refers to the way in which leaders stimulate followers to find fresh and innovative solutions to existing problems by questioning and rethinking the underlying assumptions and challenging the status quo. Followers are encouraged by such leader to try new approaches, thus fostering a culture of creativity and innovation, and are not criticised or punished for mistakes in public.

*Individual consideration* is when the leader approaches each follower as an individual with unique needs and provides support, encouragement, advice, coaching, and feedback for personal development. The leader acts as mentor to followers, helping them to develop and grow and to reach their full potential. Leaders also delegate tasks to followers as a technique for developing them, linking the follower's needs to that of the organisation to enable opportunities for personal development and self-actualisation.

#### **2.4.4.2 Bennis and Nanus**

Bennis and Nanus (1985) describe transformational leaders as leaders who have the ability to shape and promote follower motives and goals, and to transform them into agents of change. They conducted research into the nature of effective transformational leadership and found that leaders who exemplify the following four abilities can bring about change: *attention through vision, meaning through communication, trust through positioning* and *self-development*. According to their model, leaders bring about change by building trust and confidence in their followers and by challenging the status quo (Bennis & Nanus, 1997).

*Attention through vision* involves developing a common vision of the ideal future state of the organisation. The vision the leader creates must be convincing and must draw followers towards it. Such a vision must also inspire confidence in followers, as well as the belief that they are capable of achieving the desired goals. It is important that the leader formulates a clear vision that is viewed by followers as practical, realistic and attainable (Bennis & Nanus, 1997).

Leaders give each follower in the organisation meaning, importance, and the appeal to work towards the organisation's vision through *communicating meaning*. Successful leaders distribute decision-making, responsibilities, authority, and initiative across followers throughout the organisation (Bennis & Nanus, 1997).

*Trust through positioning* is attained by leaders who demonstrate commitment towards the organisation's vision by modelling behaviour that is congruent with the vision. Trust implies that the leader is accountable, credible, and predictable, whilst positioning implies that the leader is constant and creates, challenges, and changes. When the leader's behaviour is not consistent with the organisation's vision, followers will lose interest in the vision, which will in turn lead to a decrease in trust and confidence in the leader (Bennis & Nanus, 1997).

The *development of self* is the final ability in the model. In order for leaders to be successful, they should continuously improve themselves by recognising their strengths, being true to themselves, and compensating for their shortcomings. Leaders should see setbacks and failures as

opportunities through which they can continuously increase their knowledge, and view mistakes as a normal part of everyday life (Bennis & Nanus, 1997).

#### 2.4.4.3 Conger and Kanungo

Conger and Kanungo (1994) developed a three-stage model that identifies several behavioural dimensions of charismatic leadership within organisations. According to the model, charismatic leadership can be described as an attribution based on followers' perceptions of their leader's behaviour. Followers interpret the behaviour they observe from leaders as expressions of charisma in the same way that a leader's behaviours reflect that individual's participative, people and task orientations. The ability of charismatic leaders to formulate and articulate a clear and inspirational vision differentiates them from other leaders, and their actions and behaviours create the impression among their followers that they and their vision are extraordinary. Individuals thus choose to follow such leaders based on their perceptions of the leader's extraordinariness (Conger & Kanungo, 1994). A charismatic leader's actions and behaviours can thus be viewed as attempts by the leader to influence followers' attitudes, values, and behaviours (Conger & Kanungo, 1998).

The Conger-Kanungo model conceptualises several unique behavioural components in three distinct stages of the leadership process. According to Conger and Kanungo (1998), these components can best be framed and distinguished by examining leadership as a process that involves moving members of an organisation from an existing state to a desired future state. These three stages are:

- Stage 1: Environmental assessment
- Stage 2: Vision formulation
- Stage 3: Implementation

In the initial stage, the *environmental assessment*, the leader critically evaluates the existing situation or current status quo. Deficiencies in the status quo or poorly exploited environmental opportunities lead to the formulation of future goals. Before formulating future goals, the leader must first do an environmental assessment to determine which resources are available and which constraints stand in the way of achieving the future goals. The leader must also assess the feelings, abilities, needs, and the level of satisfaction experienced by followers. The evaluation of the status quo leads to the second stage, the *vision formulation*, during which the leader formulates the future vision and effectively articulates the vision to followers in an inspirational manner. Finally, during the *implementation stage*, the leader demonstrates to followers how the future vision can be achieved by the organisation. The leader builds trust by engaging in exemplary acts that

followers interpret as involving great personal risk and sacrifice (Conger & Kanungo, 1994; Conger & Kanungo, 1998).

Conger and Kanungo believe that these three stages are interrelated, and that the behaviour displayed by leaders during each stage can successfully transform any organisation (Conger & Kanungo, 1994; Conger & Kanungo, 1998).

#### **2.4.4.4 Kouzes and Posner**

Kouzes and Posner (2007) conducted a research project for almost 20 years to specify what leaders did when they did their personal best at leading others. Their research suggested that leadership is not a position, but a gathering of practices and behaviours. According to Kouzes and Posner (2007), these behaviours are essential components of transformational leadership and lead to extraordinary things being accomplished in organisations. The five behaviours are: modelling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart. Using Kouzes and Posner's work, these behaviours are described as follows (Kouzes & Posner, 2007):

*Modelling the way* involves leaders setting an example and building follower commitment through direct involvement and action. To model the way and set an example for followers, leaders need to articulate a clear philosophy, have principles concerning the way followers are treated, and set challenging goals that can be measured. Leaders build credibility by showing through everyday actions that they live by the values and beliefs they advocate, which in turn promotes follower commitment, creativity and enthusiasm (Kouzes & Posner, 2007).

*Inspiring a shared vision* involves bringing followers together to nurture a commitment to a shared future they seek to create. Leaders fervently believe that they can make a difference by envisioning the future and energising followers by providing them with a sense of meaning and value. They understand the desires, dreams, needs and values of their followers and inspire the vision in their followers by generating an optimistic outlook through authenticity and clever use of metaphors, confident language, symbols, and personal energy (Kouzes & Posner, 2007).

*Challenging the process* involves challenging the system, taking initiative, promoting new ideas and encouraging change. Leaders identify challenging opportunities that test their skills and abilities and seek new ways to grow and improve their organisations. Leaders are willing to take risks and make mistakes, as every mistake is seen as a learning opportunity and opens the way to a new opportunity (Kouzes & Posner, 2007).

*Enabling others to act* involves giving followers the freedom of choice in the decision-making process and empowering them through teamwork, development and trust, thus helping them to realise their full potential. Leaders do everything in their power to create a trusting atmosphere and to help each follower to feel capable and powerful. They take the needs and interests of followers into consideration and let them feel that they play an important part in the organisation (Kouzes & Posner, 2007).

*Encouraging the heart* involves encouraging and motivating followers to achieve the goals set by the organisation. Through acknowledging follower contributions, celebrating success together, giving recognition for excellence, and attaching rewards to performance, leaders inspire followers to perform better and to be part of something significant. By celebrating achievements authentically, leaders build a joint identity and a sense of community spirit that can move the group forward during difficult periods (Kouzes & Posner, 2007).

#### **2.4.4.5 Nadler and Tushman**

Nadler and Tushman (1990) distinguish between two types of leadership styles, namely charismatic leadership and instrumental leadership (also known as leadership of change). Both leadership styles consist of three components. Charismatic leadership consists of *envisioning*, *energising* and *enabling*, and instrumental leadership consists of *structuring*, *controlling* and *rewarding*.

According to Nadler and Tushman (1990), "The charismatic leader excites individuals, shapes their aspirations, and directs their energy" (p. 86). *Envisioning* is the first component of charismatic leadership and involves articulating the vision, setting high performance expectations, and modelling behaviours and activities consistent with the vision. A vision can be seen as an ideal future state with which followers in an organisation can identify, and should create a unified or common goal which is seen by followers as credible, meaningful and worthy to pursue. The vision should also be seen as realistic and achievable in order to create employee commitment within the organisation. The second component is *energising*, which involves energising followers through displaying personal enthusiasm, communicating personal confidence, and utilising successes as opportunities to celebrate. The final component is *enabling*, which involves providing personal support, empathising, and expressing confidence in followers when they are facing challenging goals. Charismatic leaders have the ability to share the emotions of their followers and to listen to and understand their needs (Madas, 2012; Nadler & Tushman, 1990).

In order for leadership to be effective, Nadler and Tushman (1990) suggest that instrumental leadership be utilised to supplement charismatic leadership. The focus of instrumental leadership



is on shaping current behaviour to support the charismatic leader's vision. Nadler and Tushman (1990) pointed out that instrumental leadership requires three elements of behaviour: *structuring*, *controlling* and *rewarding* (see Figure 2.6). *Structuring* involves setting goals, setting raised standards, and determining follower roles and tasks. The second component of instrumental leadership is *controlling*, which consists of the mechanisms that are put in place to monitor, measure, and administer behaviour and implement the appropriate corrective action if required. The final component is *rewarding*, which includes rewards and punishments that are administered according to the degree to which followers' behaviour are in line with the change process.



**Figure 2.6: Instrumental leadership**

(Nadler & Tushman, 1996, p. 696)

#### 2.4.4.6 Tichy and Devanna

Tichy and Devanna (1990) describe transformational leadership as a behavioural process that can be learned and managed. They believe that leadership "is a behavioural process that is systematic, consisting of purposeful and organised search for changes, systematic analysis, and the capacity to move resources from areas of lesser to greater productivity" (p. xii). After conducting a study with CEO's in which they identified the processes that occur when leaders transform and revitalise organisations, they came to the conclusion that transformation can be viewed in three phases, namely: *recognising the need for revitalisation*, *creating a new vision* and the *institutionalising change*.

The first phase, *recognising the need for revitalisation*, refers to the challenges the leader encounters when trying to warn the organisation of threats in the external environment. Changes in the external environment cause organisations to continuously change their approach. Thus, it is important for the leader to constantly perceive and respond to changes in the external environment in order for the organisation to react to change. Once the leader identifies the need for change, quality leadership is needed to overcome resistance to change from both within and outside the organisation. To do this, leaders need a sound understanding of how people deal with change and need to provide individuals within the organisation with a way to deal with the psychological change of closing off what has been and taking up new beginnings (Tichy & Devanna, 1990).



During the second phase, *creating a new vision*, the leader is responsible for the task of formulating a new vision that is positive and accepted by followers. In order to get followers committed to the change and to make things happen, they must view the change as necessary and desirable for the organisation (Tichy & Devanna, 1990).

During the last phase, the leader needs to *institutionalise the change* to ensure that he/she will survive in a specific position in the organisation. This involves the establishment of a new culture that is in line with the revitalised organisation and requires strategic planning and the commitment of key people within the organisation. The leader needs to deal with conflicting emotions in followers, such as fear and hope, anxiety and relief, and pressure and stimulation, and needs to transform the negative emotions into positive ones in order to energise followers to achieve the organisation's desired goals (Tichy & Devanna, 1990).

#### **2.4.4.7 Conclusion: Transformational leadership theories**

Considering the different models of transformational leadership competencies discussed above, it would seem that the transformational leadership theories are especially relevant when trying to identify the competencies most relevant to CSR leadership.

In the following section, an overview of the available research is given, relating leadership to CSR with the primary goal to better understand the intersection between the two fields in order to identify the CSR leadership competencies.

## **2.5 CSR, LEADERSHIP AND THE NEO-CHARISMATIC LEADERSHIP PARADIGM**

In the following sections, the intersection between leadership and CSR is discussed, and concluded with a proposed CSR leadership competency framework.

### **2.5.1 The intersection between CSR and leadership**

As seen in the previous sections, a wealth of academic literature is available on both leadership and CSR. However, Strand (2011) argues that little is known about the intersection of the two. In a letter exchange between Waldman and Siegel (2008), Waldman also made the point that there is little mention of the role of leadership in the academic literature of CSR. Waldman and Siegel (2008) agree that the majority of empirical studies have overlooked the place of leaders in introducing CSR initiatives in their organisations.

Hence, despite the increase in interest in the relationship between leadership and CSR, little research is available on the intersection of the two variables. Questions such as what constitutes successful CSR leadership and what leadership theories are applicable to understand the effective leadership of CSR initiatives remain largely unanswered. According to Strand (2011), the lack of research can partially be attributed to two challenges: First, the inherent challenge of conducting research at the intersection of two fields that are as wide and multifaceted as leadership and as vague as CSR and, second, the conceptual challenges that may arise due to the fact that there are no single, clear and agreed upon definitions of leadership and CSR.

Strand (2011) did a review of existing research relating leadership with CSR with the primary goal to try and understand the intersection between the two fields better and to identify potentially fruitful avenues of future research. His review indicates that a number of researchers have explored the relationship between leadership and CSR in terms of the neo-charismatic leadership theories, including transformational leadership (e.g. Egri and Herman in 2000, Lacerda in 2010; Shahin and Zairi in 2007, and Waldman, Siegel & Javidan in 2006), transactional leadership (e.g. Szekely and Knirsch in 2005), and visionary leadership (e.g. Waldman, De Luque, Washburn & House in 2006 as well as Ketola in 2006) (as cited in Strand, 2011). Strand noted that Waldman, Siegel and Javidan's (2006) exploration of transformational leadership factors and how they relate to CSR activities "represents one of the more thorough, descriptive studies" (p. 91) regarding the intersection of the two fields.

For the purpose of this thesis, three research studies will be discussed briefly:

#### **2.5.1.1 Waldman, Siegel and Javidan**

In 2006, Waldman, Siegel and Javidan investigated the potential link between CEO transformational leadership factors in 112 large US and Canadian companies and the CSR actions of their respective firms. Citing a absence of independence between the two emotional factors *idealised influence* and *inspirational motivation* (2006, p. 1706), they examined both as a single emotional factor termed "charismatic leadership". The intellectual factor *intellectual stimulation* was also examined, but the factor *individualised consideration* was excluded due to conceptual complications in connecting individual-level focus with the higher-level organisational occurrence of CSR.

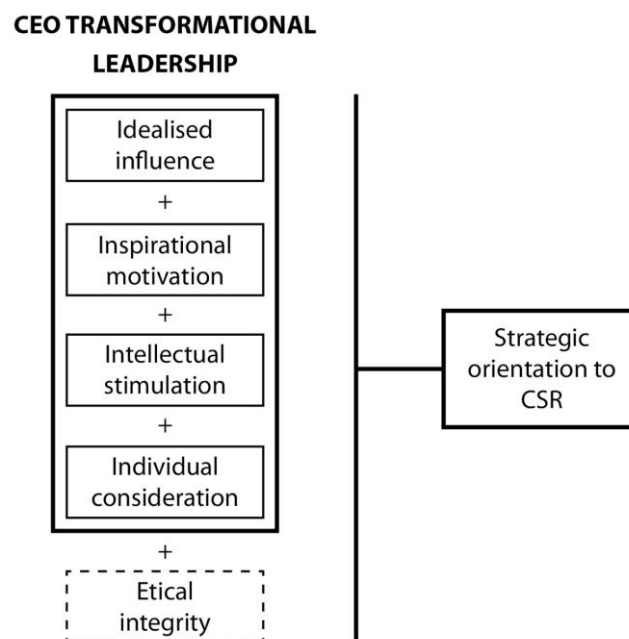
CEO charismatic leadership and intellectual stimulation were assessed using 13 items from the Multifactor Leadership Questionnaire (MLQ), and one or two senior managers within each firm were asked to think about and rate their company's CEO. The CSR activities of each company were measured using data supplied by the firm Kinder, Lydenberg, and Domini. Waldman et al. grouped CSR activities into two separate groups, namely strategic CSR and social CSR. Strategic

CSR refers to activities “that relate more clearly to the firm’s competitive strategy (e.g. differentiation/reputation building)”, while social CSR refers to activities initiated mainly out of concern for social matters (2006, p. 1714).

Waldman et al. (2006) found a positive relationship between CEO intellectual stimulation and the firm’s tendency to engage in strategically-oriented CSR, but not socially-oriented CSR. According to Waldman et al. (2006), the results suggest that intellectually-stimulating leaders do not only attempt to practise corporately responsible actions, but also aim their efforts at areas that are most pertinent to the firm’s strategic objectives. However, in contrast to what was hypothesised, Waldman et al. (2006) found no statistically significant relationship between CEO charismatic leadership and CSR, proposing that the laudable features of charismatic leadership that are emphasised in the literature may actually not lead to corporately responsible actions.

#### 2.5.1.2 Lacerda

Building on the work of Waldman et al. (2006), Lacerda (2010) investigated the relationship between CEO transformational leadership and CSR in 50 large Portuguese firms representing different sectors. Lacerda examined all four transformational leadership dimensions as outlined by Bass and Avolio (2008), as well as an additional dimension *ethical integrity* as described by Turner, Barling, Epitropaki, Butcher and Milner (2002). See Figure 2.7 for Lacerda’s proposed conceptual model grounded on the most applicable theoretical models of transformational leadership and strategic CSR.



**Figure 2.7: Proposed conceptual model by Lacerda**

(Lacerda, 2010, p. 25)

The four transformational leadership dimensions were assessed using the Multifactor Leadership Questionnaire (MLQ), and leader integrity was assessed with the Perceived Leadership Integrity Scale (PLIS). The progress of each firm in terms of CSR was assessed based on the Sustainability Progress Indicator Comparative Evaluation (SPICE) (Lacerda, 2010).

The study found that transformational leadership correlated positively with firm strategic orientation to CSR, with specifically the two dimensions *inspirational motivation* and *individualised consideration* strongly linked to firm strategic orientation to CSR. *Idealised influence* and *intellectual stimulation* were not found to be significant predictors of firm strategic orientation to CSR. Despite the theoretical background linking the two (Lacerda, 2010, p. 30), it was found that *ethical integrity* is not significantly related to firm strategic orientation to CSR, implicating that a leader's ethical integrity is not significantly linked to the adoption of CSR practices (Lacerda, 2010).

### **2.5.1.3 Kakabadse, Kakabadse and Lee-Davies**

In 2009, Kakabadse, Kakabadse and Lee-Davies conducted research that focused on both the leadership skills and capabilities needed to effectively implement CSR in organisations. They presented a model which included how to implement and drive CSR through organisations, outlining three stages of CSR implementation and identifying the different leadership skills that would be needed in each stage. Their research was based on interviews within 65 organisations in the United Kingdom, United States, Europe, Australia, and Africa.

The three stages of CSR implementation identified by Kakabadse et al. (2009) are the *decision-making stage*, the *adoption stage*, and the *commitment stage*. In the first stage, the *decision-making stage*, the CSR leader comes to terms with the need for personal growth and organisational movement towards CSR. This is followed by the *adoption stage*, in which real movement begins and starts to impact the CSR leader's organisation. Finally, the *commitment stage* is reached when it becomes clear that the organisation is committed to CSR in the long run and that CSR goals will be constantly pushed in spite of obstacles such as opposition by shareholders, complications in measuring CSR, and conflicting priorities.

Specific CSR leadership skills and capabilities needed in each of the three stages were also identified, each fulfilling its own role in the effort to achieve CSR, and together signifying a coherent whole that offers the channel for organisations to accomplish CSR. Table 2.3 outlines the three stages, as well as the capabilities needed in each stage and a brief description of each.

**Table 2.3*****Stages and capabilities of CSR leadership***

Stages	Capabilities	Description
CSR decision	CSR awareness	Awareness and knowledge of CSR provides conviction and wisdom to craft a new future and to change old behaviours.
	Reflexivity	Reflects on issues and actions both <i>in vivo</i> and <i>post hoc</i> .
CSR adoption	Discerning CSR goals	Clarifying what is and what is not a CSR goal requires definition and commitment to sustainability.
	Using business case language	Ability to present CSR as a business case rather than just as emotional appeal for doing “good” or moral argument.
	Persuasion	Ability to get buy-in from others to support and own CSR initiatives.
	Handle paradoxes and conflicting priorities	Able to see a way forward when confronted with two or more contrasting forces pulling in different directions, whilst at the same time not being able to simply opt for one or the other, but having to reconcile both alternatives that are contradictory, or accept their temporal or permanent coexistence.
	Consistency of application	Consistent application of CSR message through all organisational activities (i.e. not only isolated or symbolic action of “doing good”). That is emotional zest and attention to detail in a consistent and sustainable manner.
	CSR measurement	Ability to know and define clearly what success will look like so that appropriate measures can be designed; ability and willingness to monitor CSR performance for accountability.
CSR commitment	Follow through	Ability to follow through from initiative to application, which requires discipline and passion for results.
	Will to act	Staying power combined with sense of purpose and mission to make CSR vision work.

(Kakabadse, Kakabadse and Lee-Davies, 2009, p. 52)

The three-stage model thus represents a journey to effectively implement CSR in organisations, and is based on two important components, namely (Kakabadse et al., 2009):

- the CSR leader thoroughly develops different phases with his/her organisation – from a position characterised by much uncertainty and ambiguity in understanding CSR, to a new and tangible reality characterised by purposeful leadership action; and
- the CSR leader needs different capabilities at the different developmental phases in order to successfully move the organisations CSR forward.

According to Kakabadse et al. (2009), all ten leadership capabilities are interconnected, and they often need to be used in conjunction with one another to face the unavoidable challenges confronting the implementation of CSR in organisations. Truly effective CSR leadership, that succeeds in fully implementing CSR in organisations, requires the responsible individual to use all the capabilities together, allowing the organisational leaders to act in a consistent way that makes sense to external stakeholders and drives the organisation forward.

Kakabadse et al. (2009) came to the conclusion that CSR leadership can be developed, but that learning to master the skills needed to perform in each stage to successfully implement CSR in organisations can be challenging. They also acknowledge that observers may perceive their CSR leadership model as being borne of essentially charismatic leadership qualities that can be developed by individuals.

#### **2.5.1.4 Conclusion: The intersection between CSR and leadership**

The available literature on the intersection between CSR and leadership thus shows that a number of researchers have explored the relationship between leadership and CSR in terms of the neo-charismatic leadership theories. The most thorough study is Waldman et al.'s (2006) exploration of transformational leadership factors and their relationship to CSR activities. This study concluded that transformational leadership is positively related to the firm strategic orientation to CSR.

The research done by Waldman et al. (2006) and Lacerda (2010) therefore support the earlier notion that the theories of the neo-charismatic paradigm – and especially the transformational leadership theories – are useful when explaining the link between leadership and CSR, and can be used as basis for identifying the CSR leadership competencies necessary to be an effective and successful CSR leader.

In 2002 Spangenberg and Theron developed a uniquely South African leadership questionnaire, the Leadership Behaviour Inventory (LBI). The LBI was developed to assess, in terms of the South African organisational context, a wide range of capabilities required by leaders and managers to implement change whilst maintaining unit performance. This questionnaire incorporates numerous leadership theories discussed in the previous sections and its developers argue that the leadership behaviours (competencies) identified by their model best describe the leadership behaviours that are necessary to be a successful and effective leader.

In the following section, a brief overview of the LBI will be given.

#### **2.5.2 The Leadership Behaviour Inventory (LBI) and Leadership Behaviour Inventory - Version 2 (LBI-2)**

Spangenberg and Theron (2002) considered leadership effectiveness of critical importance while developing the Leadership Behaviour Inventory (LBI), and felt that “leading change” and “ensuring effective organisational unit performance” were the most important aims of leadership in the South African organisational context (Spangenberg & Theron, 2002, p. 12). It was also postulated that the instrument should assess leadership and the change process in stages. Furthermore, the

instrument should have the ability to measure the full range of behaviours required to successfully manage the change process, whilst reflecting the diversity of South Africa's managerial population (Spangenberg & Theron, 2010).

The LBI is based on a comprehensive interpretation of the leadership construct, containing elements of leadership, management, and supervision (Spangenberg & Theron, 2010). House (1995) defines management as "behaviour of a person in a position of formal authority that results in compliance of organisational members with their normal role or position requirements" (p. 413) whereas supervisory leadership is defined as "behaviour intended to provide guidance, support, and corrective feedback for the day-to-day activities of work unit members" (House, 1995, p. 413). General leadership is defined as the "behaviour of individuals that gives purpose, meaning, and guidance to a group by articulating a collective vision that appeals to ideological values, motives, and self-perceptions of followers resulting in (1) the infusion of values into organisations and work, (2) unusual levels of efforts on the part of followers above and beyond their normal role or position requirements, and (3) follower willingness to forego self-interest and make significant personal sacrifices in the interest of a collective vision" (House, 1995, p. 413).

General leadership, which, according to the definition, falls strongly within the realm of charismatic or transformational leadership, incorporates behaviours such as visioning, providing meaning, instilling values and evoking high levels of effort from employees who transcend beyond their own self-interest to achieve the vision. The emphasis of management is on conducting daily work as planned, whilst supervisory leadership incorporates behaviours such as providing guidance, support and corrective feedback. Charismatic or transformational leadership (general leadership) comprises the core of the LBI leadership construct, whilst elements of management and supervisory leadership also make a significant contribution to the construct (Spangenberg & Theron, 2010).

Based on the compelling need for change and transformation in South Africa, Spangenberg and Theron (2002) thought it important for the LBI to be based on theory from the neo-charismatic leadership paradigm. Eleven generic behaviours outlined by House (1995), which he believed characterised outstanding leadership, formed the theoretical background of the LBI dimensions. A review of the literature also indicated that Conger and Kanungo's model of charismatic leadership (as cited in Spangenberg & Theron, 2002), also known as the C-K model, conceptually best satisfied the demands of the South African context and served as the launching pad for the LBI development. As discussed in section 2.4.4.3, the C-K model comprises three stages, namely the *environmental assessment* stage, the *vision formulation* stage, and the *implementation of vision* stage.



In addition to the three stages of the C-K model, Spangenberg and Theron (2010) decided to include an additional leadership role in their model due to the “absence of sufficient infrastructure in stage 3” (p. 49). They felt that the group of behaviours categorised under empowerment was not adequate to guarantee that the desired changes would in fact be implemented. Nadler and Tushman (1990) echo the importance of infrastructure in implementing vision in complex organisations and suggest that *instrumental leadership* be utilised to supplement charismatic leadership (see section 2.4.4.5). According to Nadler and Tushman (1990), the aims of instrumental leadership include building competent teams, clarifying necessary behaviours, integrating measurement, and administering rewards and punishments so that individuals view behaviours that are in line with the change as essential for them to fulfil their own goals. Furthermore, Nadler and Tushman (1990) point out that, in order to implement instrumental leadership, three elements of behaviour are required – namely *structuring*, *controlling* and *rewarding* – that are complementary to charismatic leadership (which includes *envisioning*, *energising* and *enabling*).

However, Spangenberg and Theron (2002) point out that the success of any leader “will ultimately be evaluated in terms of unit performance that ... cannot be achieved without attention to the visionary and motivational aspects of leadership, combined with instrumental leadership” (p. 12).

Taking all of the above theories into consideration, Spangenberg and Theron (2002) developed the Leadership Behaviour Inventory. The first generation LBI model comprised of four phases measured by 24 dimensions. The four phases were *environmental orientation*, *vision formulation and sharing*, *preparing the organisation for implementing the vision*, and *implementing the vision*. However, after the instrument was extensively used, some overlapping dimensions and unnecessarily fine distinctions were revealed that the developers thought might indicate questionable discriminant validity. In addition to psychometric factors, user-friendliness was also taken into consideration, and the original LBI was accordingly revised to a more streamlined, second-generation inventory by reducing the four stages to three and by decreasing the number of dimensions from 24 to 20.

#### **2.5.2.1 Proposing a CSR leadership competency framework**

The LBI-2 comprises of three stages, with nine leadership roles broken down into 20 dimensions and will be used as basis for the development of a CSR leadership questionnaire. The 20 dimensions are listed in Table 2.4 below and are motivated in subsequent paragraphs:



**Table 2.4*****Leadership dimensions measured by the LBI-2***

<b>STAGE 1: CREATING VISION AND STRATEGY</b>	
Analysing and interpreting the environment	
1. Monitoring the external environment	Identifies and interprets external developments that may affect unit performance. Understands the business and positioning of the unit.
2. Monitoring the internal environment	Interprets internal dynamics and identifies weaknesses that may affect unit performance.
Formulating the vision and strategy	
3. Developing a challenging vision	Develops a vision that gives people a sense of purpose, is customer-focused and advances diversity of people.
4. Conceptualising strategy	Builds strategies based on thorough problem analysis and broad-based fact-finding. Considers consequences of decisions.
5. Developing performance plans	Ensures that employee and sectional/departmental goals and plans support unit strategy and that employees know what is expected of them.
<b>STAGE 2: PREPARING THE UNIT FOR IMPLEMENTING THE VISION AND STRATEGY</b>	
Preparing the leader and followers	
6. Leader self-discovery, reflection and self-awareness	Has good insight into his/her own capabilities, weaknesses and behaviour and manages him/herself well.
7. Leader personal growth and development	Identifies challenging opportunities for self-development and is committed to continuous learning. Is willing to try new ways of doing things.
8. Empowering followers	Facilitates the learning and personal growth of followers by building out and utilising their skills in a "hassle"-free, learning-oriented work environment.
Preparing the unit	
9. Optimising processes and structures	Adapts production and people structures, processes and systems to support implementation of strategy in a changing environment.
<b>STAGE 3: IMPLEMENTING THE VISION AND STRATEGY</b>	
Sharing the vision and inspiring followers	
10. Articulating the vision	Articulates the vision for the future that provides direction, excites followers and inspires commitment in followers.
11. Inspiring and motivating followers	Raises the aspirations, confidence and motivation of followers. Conveys important information convincingly.
Leading with integrity and courage	
12. Building trust and demonstrating integrity	Builds trust in the unit, assures agreed upon values are adhered to, considers ethical implications of decisions, and deals honestly with all stakeholders.
13. Demonstrating decisiveness and hardiness	Acts decisively and makes tough decisions. Performs effectively under stress and reacts positively to change and uncertainty.
14. Acting entrepreneurial	Develops new ideas, seizes opportunities, and initiates projects for the benefit of the unit.
Leading with compassion	
15. Showing concern for others	Shows understanding and concern for the aspirations, needs and feelings of others.
16. Displaying sound interpersonal skills	Effectively handles interpersonal and group relations. Proactively solves conflicts.
Leading across boundaries	
17. Facilitating inter-departmental co-ordination	Facilitates inter-departmental co-ordination and helps people to see the wider picture.
18. Influencing across external boundaries	Builds the image of the unit and practices socially responsible citizenship.
Reviewing and rewarding performance	
19. Reviewing performance	Provides followers with feedback about unit performance as well as with specific feedback about their own performance.
20. Acknowledging and celebrating performance	Acknowledges positive employee performance and behaviour; celebrates success.

(Spangenberg &amp; Theron, 2011, pp. 4-6)

It is argued that each of the leadership dimensions presented in Table 2.4 are relevant to CSR leadership and that the LBI-2 contains leadership competencies/behaviours that are also essential for successful and effective CSR leadership in organisations.

In the following section, arguments are presented as to why each CSR competency is a prerequisite to achieve the objectives of CSR. These arguments are essentially adaptations of the arguments posed by Spangenberg and Theron (2011) in the development of the LBI-2 and they serve to motivate the inclusion of each of the LBI-2 dimensions in the development of a CSR leadership measurement instrument.

**Monitoring the external environment:** Most organisations, in varying degrees, are affected by changes in the external environment (Spangenberg & Theron, 2011). It is reasonable to argue that this also applies to the organisation's CSR policies and practices, and that organisations must actively scan the CSR environment and monitor CSR trends. Examples of environmental changes and trends that might have an influence on an organisation's CSR endeavours include new legislation or changes to existing legislation (e.g. Black Economic Empowerment (BEE) legislation), keeping up to date with revisions to South Africa's Code of and Report on Governance Principles (King III Report), sustainability policies and practices of companies listed on the Johannesburg Stock Exchange Social Responsibility Index (JSE SRI), as well as costumers' increasing demand for environmentally-friendly products and services. Changes in the needs of all the organisation's stakeholders also need to be taken into consideration when scanning the external environment. According to Mishra and Suar (2010), it is important for organisations to constantly be aware of the CSR needs of their stakeholders in both the internal and external business environment, as these CSR needs can play a powerful role in increasing and decreasing the organisation's overall performance.

Therefore, the CSR leader needs to keep in touch with developments in the external environment and needs to constantly stay up to date with the latest CSR trends and to check for available resources, opportunities and constraints that may have an impact on the organisation's CSR and its CSR performance. By understanding the relevant changes in the external environment, it is hypothesised that the CSR leader is able to create a suitable, compelling vision, as well as a CSR strategy that would create and sustain the organisation's competitive advantage.

**Monitoring the internal environment:** In addition to monitoring and understanding the external environment of the organisation, it is also important to have insight into the organisation's internal dynamics, resources, and constraints (Spangenberg & Theron, 2011). Luo and Bhattacharya (2006, p. 16) state that "it is important for managers to consider CSR initiatives in the light of the firm's corporate abilities". This is because organisations' can lose some of their market share when

their CSR initiatives are misaligned with internal organisation factors (Luo & Bhattacharya, 2006). Thus, by carefully examining and combining the information from both the external and internal environments, the CSR leader would be able to create a challenging and realistic CSR vision, as well as develop effective CSR strategies, that are aligned with the organisation's internal dynamics, resources, and constraints.

***Developing a challenging vision:*** Harari (1997) states that "vision should describe a set of ideals and priorities, a picture of the future, a sense of what makes the company special and unique, a core set of principles that the company stands for, and a broad set of compelling criteria that will help define organisational success" (p. 28). A leader should therefore play an important role in identifying and shaping an organisation's vision.

According to Were (2003), formulating a clear CSR vision plays an important part in implementing CSR in organisations. This view is supported by Strandberg and Principal (2009), who did a review of the available research and found that a key factor of the successful implementation of CSR in organisations include having a vision that incorporates CSR.

A CSR leader needs to be able to take control and decide what the organisation's future ideals and priorities concerning CSR are. These CSR ideals and priorities need to be incorporated into the organisation's vision. Thus, the CSR leader can develop a potentially successful CSR vision. After a vision has been created, it makes sense that a strategy can be conceptualised to achieve the desired CSR vision. A crucial part of this strategy is to articulate a clear CSR vision to the organisation's members. The CSR leader must keep the CSR vision alive in the hearts and minds of organisation members and create an environment where they are free to pursue diverse ideas and opportunities that serve the CSR vision.

***Conceptualising strategy:*** It is not unreasonable to hypothesise that, after the leader has created a challenging CSR vision for the organisation, a clearly defined CSR strategy needs to be developed. According to Strandberg and Principal (2009, p. 12), "once the vision, mission and values framework is defined, the firm is ready to undertake the development of its CSR strategy". Therefore, a clear CSR strategy can be developed from a clearly defined vision, mission and values framework. A clear CSR strategy is needed to ensure that all employees know what is expected of them with regard to achieving the organisation's CSR goals and to ensure that the required resources are mobilised when and where they are needed (McElhaney, 2009). It is important that this strategy is created in collaboration with key players in the organisation and is aligned with the organisation's overall vision and goals. The strategy must contain the organisation's CSR goals and objectives and must clearly spell out how the organisation is going to achieve the stated vision. The strategy should contain information such as the resources needed to

successfully implement CSR programmes and initiatives and the actions that need to be taken to achieve the organisation's CSR vision.

**Developing performance plans:** In order to successfully implement the CSR vision, the CSR leader must be able to devise and manage an all-inclusive performance plan for each member of the organisation – thus guiding his or her behaviour in support of the vision. Strandberg (2009) states that the implementation of CSR can be supported at the individual and team levels through integrating CSR into job descriptions, performance plans, and annual performance objectives. Furthermore, it is argued that planning and organising should form a key part of such a performance plan, and human, financial, and operational resources must be effectively mobilised in order to support the performance at all levels of the organisation. Thus, in order to successfully implement the organisation's desired CSR vision, it is believed that comprehensive planning needs to be undertaken and must include all three levels.

**Leader self-discovery, reflection and self-awareness:** It is postulated that in order to support outstanding performance from followers and to effectively implement the desired vision, the CSR leader must improve him or herself on a continuous basis to enhance his or her own leadership ability, whilst improving the ability and motivation of followers. Therefore, the CSR leader needs to have a genuine and accurate understanding of his or her current development level, and be aware of his or her personal and leadership strengths and/or weaknesses. By having a strong self-awareness, the CSR leader is able to pay attention to those areas that are essential for his or her personal wellness and growth, as well as for success as a CSR leader.

**Leader personal growth and development:** The CSR environment is constantly changing – with international and local CSR standards and practices being revised on a continual basis (Ferrell et al., 2011; Pedersen, 2006). It is therefore reasonable to argue that the organisation's vision must be adjusted on a continual basis to keep up with the changes and to stay competitive. The challenges these changes pose require the CSR leader to go through a continuous process of learning, personal change, and leadership development to grow as the CSR environment changes.

**Empowering followers:** Just like the CSR leader is required to continuously engage in self-development, it is maintained that it is also necessary for the other members of the organisation to develop and maintain the required occupational skills and abilities needed to effectively perform their work. As a result, the CSR leader should actively promote learning amongst employees and should create suitable organisational conditions and a working culture in which employees can fully apply themselves. According to Spangenberg and Theron (2011), empowering employees will have a positive effect on their self-efficacy and may improve morale and motivation amongst unit or

department members. Thus, the CSR leader should proactively facilitate the development of relevant, substantive knowledge, skills and abilities in followers.

***Optimising processes and structures:*** The CSR leader should ensure that the organisation's core processes, systems, and structures support the successful execution of the organisation's CSR vision and the smooth implementation thereof. The structures and processes must reflect the nature of the external and internal environment in which the CSR strategy will be implemented.

***Articulating the vision:*** In order for the leader's CSR vision to be achieved, it is reasoned that it is important that the CSR vision is communicated in a way that it is easily understood and, consequently, adopted by the members of the organisation. According to Maon, Lindgreen and Swaen (2009, p. 79), the leader "must communicate the [organisation's socially responsible] vision in an inspiring way so that employees act accordingly". It is believed that the CSR leader must articulate the vision in such a way that it conveys the idea as a desirable and attainable goal, as well as communicate it in such a way that it awakens a sense of excitement amongst organisational members to work towards the realisation of the vision.

***Inspiring and motivating followers:*** It is essential for the CSR leader to be able to inspire followers and to raise their expectations in order to improve their motivation and performance levels, as well as their self-confidence. It is hypothesised that the CSR leader can develop both follower identification with the organisation and the values inherent in the vision through a positive self-presentation and through conveying the vision in an enthusiastic way.

***Building trust and demonstrating integrity:*** In order for a leader to be effective, it is essential that organisation members have trust in him or her as well as his or her vision. This level of trust will motivate them to perform beyond expectation (House, 1995; Podsakoff, MacKenzie, Moorman & Fetter, 1990; Yukl, 2010). When considering trust within this context, it refers to the readiness of organisation members to follow the leader in his/her pursuit of the company's vision, as the leader is viewed as suitably capable to reduce the risk of possibility of failure (Spangenberg & Theron, 2011). This could hold true for CSR leadership. Through actions, it is believed that the CSR leader demonstrates to organisation members that he or her can be relied on, which in turn leads to the leader building trust in him- or herself. When there is sufficient trust in the CSR leader, it is argued that organisation members will identify with the vision and values of the CSR leader and will work towards successfully implementing the organisation's CSR vision.

***Demonstrating decisiveness and hardiness:*** In order to inspire and motivate followers towards the implementation of a vision that may differ greatly from current realities and, thus, have the possibility to encounter resistance, a leader needs strong self-confidence and needs to display

decisiveness and hardiness (House, 1995; Spangenberg & Theron, 2011). It is argued that the same is true for CSR leadership and that the CSR leader needs to have a strong belief in the CSR vision, as well as the ability to take difficult decisions and execute them suitably.

**Acting entrepreneurial:** The CSR leader can support the implementation of the CSR vision by acting entrepreneurially. By promoting new ideas, making use of opportunities and embracing change, it is believed that the CSR leader will drive the process of implementing the CSR vision and strategy forward. By taking risks and by modelling innovative behaviour, the CSR leader will serve as symbol to organisational members that he/she is personally invested and committed to the organisation's CSR vision.

**Showing concern for others:** In order to successfully implement the vision, change is required in the business processes and systems. These changes often require employees to change their own beliefs and values (Spangenberg & Theron, 2011). It is reasoned that in order for the CSR leader to successfully instil the values necessary for this change, a trusting and caring relationship with organisation members is needed. When these conditions are met, organisation members may identify with the CSR leader as someone who they admire and whose life is worthy of being imitated. Over a period of time, they will internalise the leader's values and vision. The CSR leader can expedite this process of internalisation by consistently showing concern and empathy and by demonstrating an understanding and concern for their needs, feelings, and aspirations.

**Displaying sound interpersonal skills:** There is a very high likelihood that the organisation's CSR department/unit will consist of a highly diverse staff. Consequently, it is argued that, in order to accomplish the organisation's CSR vision, the CSR leader must be able to unite individuals from diverse backgrounds around the unit's vision and must be able to facilitate productive cooperation between members through good interpersonal skills.

**Facilitating interdepartmental co-ordination:** Fuller (2008) suggests that the successful implementation of CSR initiatives rely heavily on interdepartmental cooperation between different departments. It is maintained that in order to gain a full understanding of the broader CSR context of the organisation, it is important that the CSR leader works across different departments and/or sections and creates an open system to facilitate the free flow of information. Thus, the CSR leader must have the skill of influencing across different departments in order to lead such an open system where information flows freely.

**Influencing across external boundaries:** According to Spangenberg and Theron (2011), the different components of an organisation do not function in isolation, but operate as different subsystems in a bigger system. External stakeholders are increasingly playing a role in the



decision-making processes of organisations, also when it comes to their CSR endeavours (Ferrell et al., 2011). This includes CSR stakeholders such as employees, customers, the government, government agencies, labour unions, the community in which it operates, as well as pressure groups and NGOs (Ferrell et al., 2011; Inyang et al., 2011; Sarma & Jena, 2006). The importance of responding to all stakeholders is also highlighted in the King III report, while Black Economic Empowerment (BEE) legislation also forces companies based in South Africa to take into consideration all stakeholders in the daily performance of their internal and external activities. This is done in an effort to get rid of the social and economic imbalances inherited from the apartheid system and to support formerly discriminated groups in becoming active participants in the economy of the country (Flores-Araoz, 2011). Therefore, it is of utmost importance that sound relations with all the relevant stakeholders are actively pursued by the organisation's CSR leader.

**Reviewing performance:** The CSR leader continuously needs to monitor the progress of organisation members in order to take appropriate corrective action (if and when necessary). It is not unreasonable to argue that attempts should be made by the CSR leader to direct the performance of organisation members in line with a performance plan that facilitates the implementation of the organisation's CSR vision. It is believed that because the performance of individuals and that of teams do not always meet the required expectations, the leader needs to continuously review individual and CSR performance. These reviews must be done in line with performance plans to ensure that the CSR vision is effectively implemented.

**Acknowledging and celebrating performance:** The recognition and celebration of performance provides the final accent by completing the leadership process (Spangenberg & Theron, 2011). By acknowledging and celebrating performance, organisation members will experience the intrinsic reward of achieving some degree of success for their commitment towards the vision they have been pursuing all along. Recognition is also about acknowledging and celebrating the role that followers play in the unit's successes and about showing that their contributions are appreciated and valued (Spangenberg & Theron, 2011). It is therefore argued that the CSR leader must create an environment that encourages organisation members to accomplish CSR goals, allows them to experience inner satisfaction, and gives them the necessary acknowledgement and rewards when goals are achieved.

## 2.6 SUMMARY

In Chapter 2, a review of the literature that deals with competencies and competency modelling, corporate social responsibility (CSR) and leadership was given. The available literature discussing the intersection between CSR and leadership was also presented, and the chapter concluded with a proposed CSR leadership competency framework from which a CSR leadership measurement

instrument will be developed. The study's first research objective, namely to theoretically derive CSR leadership behaviours/competencies from available literature on leadership and CSR that would be applicable to CSR leaders of South African organisations in the private sector was thus achieved. The literature review also identified the leadership behaviours/competencies applicable to CSR leaders.

The following chapters will focus on the second research objective, which is to develop a CSR leadership measurement instrument that could be used to obtain 360° assessments of the CSR leadership competencies



## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 INTRODUCTION

The purpose of this chapter is to present the overall plan of how the research was conducted and to describe the measurement instruments, procedures and sampling strategies that were used in the research process.

In Chapter 1, the research objectives were listed as: firstly, to theoretically derive CSR leadership behaviours/competencies from available literature on leadership and CSR that would be applicable to CSR leaders of South African organisations in the private sector, and, secondly, to develop a CSR leadership measurement instrument that could be used to obtain 360° assessments of the CSR leadership competencies. In Chapter 2, the first research objective was achieved and the literature review successfully identified the leadership behaviours/competencies applicable to CSR leaders of South African organisations.

In the following sections, the research design is outlined: the different development stages, research procedures and the sampling strategy used in order to develop the final Corporate Social Responsibility leadership questionnaire (CSR-LQ).

### 3.2 TYPE OF RESEARCH

Babbie and Mouton (2001) describe the research design as the blueprint or plan of the manner in which the proposed research will be executed. The research design aims to demonstrate that the proposed research will yield valid and credible results. It also serves as a plan or schedule for the researcher to follow when executing the research (Davies, 2006). For the purpose of this study, a mixed-method *ex post facto* approach, including both qualitative and quantitative phases, was followed.

According to Kerlinger and Lee (2000), an *ex post facto* research design comprises “a systematic empirical enquiry in which the scientist does not have direct control of independent variables because their manifestations have already occurred or because they are inherently not manipulable” (p. 379). The researcher thus starts to investigate after the fact has already occurred naturally, without any interference from him or her. Furthermore, the study followed both a qualitative- and quantitative-infused research approach:

**Qualitative research:** According to Hammersley (1992), qualitative research has five key characteristics: (a) instead of numbers, the gathered data come in the form of words and images,

(b) data gathered are naturally occurring and not artificial, experimental data, (c) the emphasis is on the meanings as seen from the viewpoint of those being studied, (d) the natural science models of social science are mainly rejected, and (e) inductive reasoning is used in the analysis of the data, as well as for theory generation.

Qualitative research can therefore be described as an approach to research where non-numerical data is systematically analysed and interpreted to unearth the meaning, definition, analogy, model or metaphor that distinguishes a phenomenon in order to answer a research question (Blumberg, Cooper & Schindler, 2005; Christensen, Johnson & Turner, 2011).

During the first phase of the research, the Critical Incident Technique was used to obtain data by conducting in-depth interviews with research participants. This was followed by phase two, which made use of the Delphi technique of field research. During the Delphi process, both qualitative and quantitative information were collected.

**Quantitative research:** Quantitative research can be defined as research that involves the collection of numerical data such as scores, counts of incidents, ratings, or scales that are then analysed using mathematically based methods to explain phenomena (Garwood, 2006). During the second phase of the research, quantitative data was collected during the Delphi process and analysed using descriptive statistics.

These different phases and techniques are discussed in more detail in the sections that follow.

### **3.3 DEVELOPMENT OF THE CORPORATE SOCIAL RESPONSIBILITY LEADERSHIP QUESTIONNAIRE (CSR-LQ)**

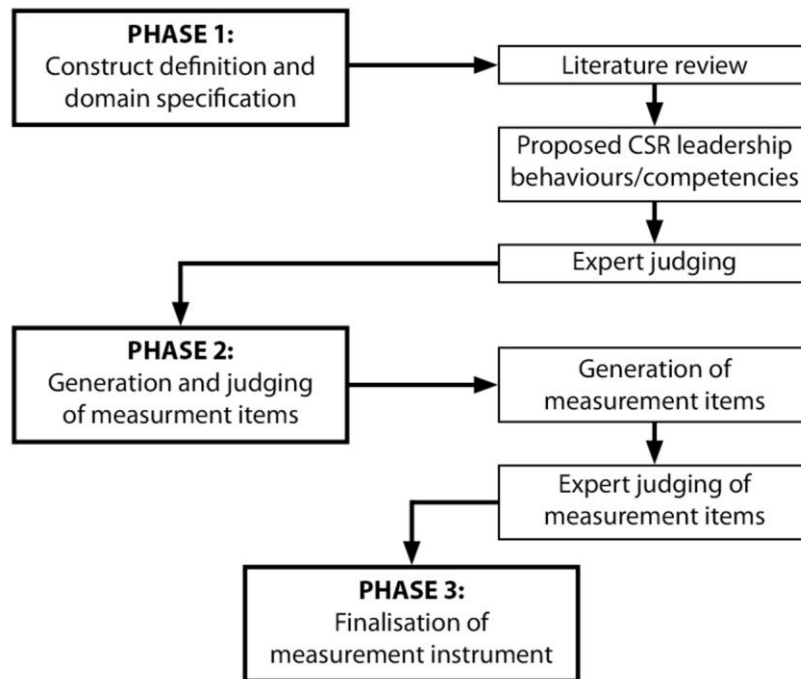
For the purpose of this study, a 360° instrument was developed that aimed to assess the quality of leadership of individuals who are responsible for managing CSR in organisations in the private sector. The dual focus of the CSR-LQ instrument was: (1) to measure the current level of CSR leadership competence of individuals responsible for managing CSR in organisations, and (2) to determine the leadership areas that need further development in order to improve their performance through training and development interventions.

Netemeyer, Bearden and Sharma (2003, p. 16) proposed a framework for the scale development process, outlining four steps and procedures necessary to develop a measurement instrument with desirable properties of reliability and validity:

1. Construct definition and domain specification;

2. Generation and judging of the measurement items;
3. Designing and performing studies to develop and purify the scale;
4. Finalisation of the scale.

Netemeyer et al.'s (2003) framework was used as a point of departure for the development of the CSR-LQ and a three-phase research methodology was developed for this study as depicted in Figure 8.



**Figure 3.1: CSR-LQ development process prior to empirical testing**

### 3.3.1 Phase 1: Construct definition and domain specification

During Phase 1 of the development of the CSR-LQ, CSR leadership as a construct was defined. This was done through conducting a literature review and making use of expert judging with the help of the Critical Incident Technique.

#### 3.3.1.1 Literature review

According to Netemeyer et al. (2003), a thorough literature review is important when developing a measurement instrument as it is essential to establish domain specification and construct definition, thereby contributing to the content validity of the instrument. After doing an extensive literature review (refer to Chapter 2), the three-stage LBI-2 model, with its nine leadership roles (broken down into twenty leadership dimensions), was identified to form the basis for the development of the CSR-LQ. The LBI-2 was adapted for CSR leadership and is presented in Table

1. These adapted LBI-2 dimensions served as starting point for the development of the CSR-LQ.

**Table 3.1**

***Adapted LBI-2 stages, leadership roles and dimensions for CSR-LQ***

<b>STAGE 1: CREATING A CSR VISION AND STRATEGY</b>
<b>Analysing and interpreting the CSR environment</b>
1. Monitoring the external CSR environment
2. Monitoring the internal CSR environment
<b>Formulating the CSR vision and strategy</b>
3. Developing a challenging CSR vision
4. Conceptualising CSR strategy
5. Developing CSR performance plans
<b>STAGE 2: PREPARING THE ORGANISATION FOR IMPLEMENTING THE CSR VISION AND STRATEGY</b>
<b>Preparing the leader and organisation members</b>
6. CSR leader self-discovery, reflection and self-awareness
7. CSR leader personal growth and development
8. Empowering organisational members
<b>Preparing the organisation</b>
9. Optimising processes and structures
<b>STAGE 3: IMPLEMENTING THE CSR VISION AND STRATEGY</b>
<b>Sharing the CSR vision and inspiring organisation members</b>
10. Articulating the CSR vision
11. Inspiring and motivating organisation members
<b>Leading with integrity and courage</b>
12. Building trust and demonstrating integrity
13. Demonstrating decisiveness and hardiness
14. Acting entrepreneurial
<b>Leading with compassion</b>
15. Showing concern for others
16. Displaying sound interpersonal skills
<b>Leading across boundaries</b>
17. Facilitating interdepartmental co-ordination
18. Influencing across external boundaries
<b>Reviewing and rewarding CSR performance</b>
19. Reviewing CSR performance
20. Acknowledging and celebrating CSR performance

(Adapted from Spangenberg & Theron, 2011, pp. 4-6)

### **3.3.1.2 Expert judging and the Critical Incident Technique (CIT)**

The twenty CSR leadership dimensions identified through the literature review were submitted to five CSR leaders for expert judging as an aid for establishing face and content validity. No changes to the 20 dimensions were proposed as they were all judged to be relevant to CSR leadership. The Critical Incident Technique (CIT) developed by Flanagan (1954) was then used to gain insight into CSR leadership and served as the basis for the generation of new items for the CSR-LQ (in Phase 2).

The CIT is a qualitative research technique that was initially developed to determine the job requirements that are critical for success in a wide range of occupations across various fields. The

technique was used as a method to generate a functional description of an activity. This technique primarily made use of expert observations in the relevant field as method for data collection (Borgen, Amundson & Butterfield, 2008). The seminal work of Flanagan (1954) described the CIT as “a set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems developing broad psychological principles” (p. 327). The CIT was especially useful in this study, as “critical incident” refers to any behaviour that can be observed (Flanagan, 1954) and could therefore be used as basis for the development of new items for the CSR-LQ.

Over the years the CIT has advanced in two major ways. According to Butterfield, Borgen, Amundson and Maglio (2005), the CIT has firstly moved from being mainly behaviourally based to also include the study of psychological states or experiences. Secondly, there was a shift in emphasis by experts from direct observation to an incorporation of reflective self-report.

Although these two changes in the CIT have shown to be fruitful in various research studies, it also brought along some challenges in the form of increased subjectivity during the gathering of data. The problem can be addressed through the implementation of credibility checks during the CIT process. Borgen et al. (2008) did a comprehensive review of the CIT literature and outlined the following five key steps and credibility checks (to minimise the effect of subjectivity of data gathering) in the CIT process:

***Ascertain the general aims of the activity to be studied:*** This step is closely linked to the research question, referring to the activity or construct that the researcher wishes to observe or have research participants self-report on.

***Make plans and set specifications:*** Four specifications need to be established and communicated before collecting the data, namely (a) defining the types of situations that need to be observed or reported on, (b) determining the situation’s relevance to the general aim of the study, (c) gathering a complete understanding of the extent of the situation’s effect on the general aim, and (d) determining who will make the observations or take part in the self-reporting.

***Collect the data:*** The collection of data can be done by supervisors or experts in the particular field through the direct observation of people performing the activity or through subject experts recalling past incidents or experiences. The latter can be done through personal or telephone interviews, or by making use of a questionnaire.

For the purpose of this study, interviews were conducted with five CSR leaders to collect the data (refer to section 3.3.1.3 for the respondent profile). For optimal data collection during such an

interview, it is very important that a good relationship is established at the beginning of the interview. This will build trust between interviewer and interviewee, generally making the interviewee more comfortable to share information with the researcher (Miczo, 2003). After a relationship was established (refer to section 3.4), the research participants were asked to recall the critical incidents that helped or hindered them in their role, the meaning of these incidents to them, and the outcome of using the critical incidents by giving a practical example (if possible). This was done with the help of an interview schedule based on the CIT interview guidelines outlined by Latham and Wexley (1994) (refer to Addendum A).

**Analyse the data:** The process of analysing the data entails: (a) determining the data's frame of reference that surfaces as a result of its intended use, (b) formulating the different categories by means of an inductive process, and (c) determining the degree of specificity or generality that is going to be used when reporting the data. Thus, a framework with different categories and operational definitions is built according to which the data can be organised for its analysis.

**Interpret the data and report the results:** A sequence of nine credibility checks can be used to establish the trustworthiness of the results of a CIT analysis (Borgen et al., 2008):

- (1) a check to guarantee accuracy and afford descriptive validity is to audio- or videotape the interviews;
- (2) interview fidelity ensures that the method is being followed when a CIT expert listens to a sample of interview recordings;
- (3) critical incidents from 25% of the interviews are independently extracted by someone during independent extraction of critical incidents;
- (4) exhaustiveness tracks the end of new categories coming from the developing category scheme;
- (5) the percentage of participants who mention incidents in a particular category is checked through participation rate (the required participation rate for a category to be deemed viable is 25%);
- (6) an independent judge puts 25% of critical incidents into the category scheme and determines the match rate during independent placement of incidents into categories (for the categories to be deemed credible a match rate between 75% and 85% is required);
- (7) a second interview with participants reviews the accuracy of the critical incidents and categories developed from first interviews during participant cross-checking;
- (8) experts in the field are requested to review the categories and remark on the efficacy thereof in terms of what is surprising and what is missing during expert opinions; and
- (9) theoretical agreement makes the assumptions underlying the project explicit and compares the category schemes with appropriate literature.

The utilisation of these credibility checks ensures that the results obtained are accurate and a reflection of the job requirements or human behaviours critical for success in the occupational field being studied and positions them in the broader research and professional community (Borgen et al., 2008). During the development of the CSR-LQ, only two of these checks (number 1 and 5) were utilised given the time and economic constraints of the study.

According to Borgen et al. (2008), the CIT – as data gathering technique – continually evolves and now regularly reveals contexts, captures meaning, and explores incidents of personal consequence. It also concentrates on extracting the beliefs, opinions, and suggestions that were part of the critical incident itself. One of the strengths of CIT is its flexibility that allows it to be used in these new ways. When researchers follow the method, as described above, it strengthens their claims that the results are credible and sound.

### **3.3.1.3 Sampling strategy and sample profile: Phase 1**

Kerlinger and Lee (2000) describe sampling as the selection of research participants that is representative of the entire population. According to Gobo (2004), qualitative research has four main sampling strategies, namely purposive sampling, quota sampling, the emblematic case and snowball sampling. During Phase 1 of the CSR-LQ development process, purposive sampling was utilised to identify research participants currently active in the CSR field in the private sector.

A purposive sample is a type of non-probability sample in which a non-representative subset of a larger population is deliberately selected by the researcher. The researcher usually selects a specific group that share certain characteristics that he/she feels are a good representation of the larger population. Given the subjective nature of purposive sampling, it is likely that different researchers will come up with different samples, as they will use different characteristics to select the target population. This limitation to purposive sampling makes it more suited for the selection of small samples from a limited population definition or geographic area (Vogt, 2005).

Five research participants took part in Phase 1 of the measurement instrument development process and were interviewed in line with the steps set out as part of the CIT (discussed in section 3.3.1.2). The five research participants (subject experts) were identified by consulting *The CSI Handbook* (Matthews & Young, 2012). *The CSI Handbook*, an annual publication published by the consulting firm Trialogue, is aimed at individuals and organisations working in the community development arena. Consequently, the contact information of individuals responsible for managing CSR/CSI in a number of South African organisations can be found in *The CSI Handbook*.

After identifying five potential research subjects, they were contacted via email for possible participation in the research. Upon their wish to participate in the research, an interview was arranged at a time and place convenient to them and a short outline of the study, as well as the informed consent form was sent to them. Their email addresses were obtained from *The CSI Handbook*, as well as through doing a basic online search through the search engine Google ([www.google.co.za](http://www.google.co.za)). In order to minimise the risk of capturing a biased subset of the total population, the initial five research subjects selected represented large companies operating in different industries.

Four out of the five individuals agreed to participate in the research, while the fifth declined participation citing that it was against their company's policy to engage in external research. A sixth potential research participant was then contacted for participation in the study and a positive response was received, bringing the total sample for Phase 1 to five. The industries, together with the demographic profile of the participants, are presented in Table 3.2.

**Table 3.2**

***Demographic profile of research participants***

Participant	Industry*	Job title	Tenure (yrs.)	Experience in CSR (yrs.)	Gender	Age	First language	Highest qualification
1	Arts, entertainment and recreation	CSR Manager	2	8	Female	37	English	Diploma (Human Resource Management)
2	Manufacturing	CSR Executive	9	13	Female	40	English	Diploma (Secretarial)
3	Financial and insurance activities	Foundation Manager	2	7	Female	32	English	PGDip (Management, Strategic Social Engagement)
4	Information and communication	Group CSI Coordinator	8	8	Female	37	Afrikaans	B-degree (Public Relations Management)
5	Human health and social work activities	CSI Manager	3	3	Male	31	isiXhosa	BComm (Marketing Management)

*Note.* \*Industries are classified according to the *Standard Industrial Classification of all Economic Activities (SIC), Seventh Edition* (Statistics South Africa, 2012).



### 3.3.2 Phase 2: Generation and judging of measurement items

The second phase of the CSR-LQ development involved the generation of items for the questionnaire that sufficiently represent the chosen CSR leader competencies, as well as the expert judging of the pool of measurement items with the Delphi technique.

#### 3.3.2.1 Generation of CSR-LQ items

The first step in the process involved the generation of items for the CSR-LQ. There were various sources of items: The main source of items was from the Leadership Behaviour Inventory (LBI-2). Minor adaptations to the LBI-2 items were made, based on the results obtained from the CIT during the first phase of the scale development process, as well as from the literature on CSR and leadership. The critical incidents the participants identified during the CIT is another source that served as basis for the development of new items. Furthermore, the literature on CSR and leadership also served as a source of items.

The newly developed CSR-LQ items were classified according to the structure of the LBI-2 by adding the items to the corresponding dimensions. The rationale behind this decision was the fact that the LBI-2 comprises of three actionable phases that are required to successfully implement a vision, which are also relevant to the implementation of a CSR vision. During Phase 1, the expert judges also reviewed the LBI-2 dimensions and verified the relevance (to CSR leadership) of each dimension.

The majority of LBI-2 items were adapted for inclusion in the CSR-LQ. However, no LBI-2 items were adapted for the two CSR-LQ dimensions *CSR leader self-discovery, reflection and self-awareness* and *displaying sound interpersonal skills*, because the LBI-2 items represent generic leadership behaviours that are appropriate in different situations. Table 3.3 gives a breakdown of the number of adapted LBI-2 items per dimension, the number of new items that were generated with the help of the CIT and literature on CSR and leadership, as well as the total number of items included in the CSR-LQ pilot questionnaire.

**Table 3.3*****Number of adapted and new items per dimension for the CSR-LQ pilot questionnaire***

CSR-LQ dimension	Adapted LBI-2 items for CSR-LQ	New items for CSR-LQ	Total items
1. Monitoring the external CSR environment	5	3	8
2. Monitoring the internal CSR environment	5	2	7
3. Developing a challenging CSR vision	5	1	6
4. Conceptualising CSR strategy	6	2	8
5. Developing CSR performance plans	4	3	7
6. CSR leader self-discovery, reflection and self-awareness	8 <sup>a</sup>	6	14
7. CSR leader personal growth and development	6 <sup>b</sup>	3	9
8. Empowering organisational members	9	0	9
9. Optimising processes and structures	8	0	8
10. Articulating the CSR vision	5	3	8
11. Inspiring and motivating organisation members	4	0	4
12. Building trust and demonstrating integrity	8 <sup>b</sup>	1	9
13. Demonstrating decisiveness and hardiness	6 <sup>b</sup>	1	7
14. Acting entrepreneurial	7	2	9
15. Showing concern for others	6	1	7
16. Displaying sound interpersonal skills	7 <sup>a</sup>	0	7
17. Facilitating inter-departmental co-ordination	6	2	8
18. Influencing across external boundaries	5	0	5
19. Reviewing CSR performance	5	2	7
20. Acknowledging and celebrating CSR performance	4	1	5
	119	32	152

*Note.* <sup>a</sup> No LBI-2 items were adapted in this dimension, as the LBI-2 items represents generic leadership behaviours that are appropriate in different situations. <sup>b</sup> Some, but not all the LBI-2 items were adapted. Those items not adapted represent generic leadership behaviours that are appropriate in different situations.

### 3.3.3 Judging of CSR-LQ measurement items

The Delphi technique was used to judge the relevance of the newly adapted measurement items and to propose changes. Spangenberg and Theron (2005) have reported positive experiences of using the Delphi technique as an aid when developing questionnaires.

According to Minghat, Yasin & Udin (2012), the Delphi technique can essentially be described as the use of expert opinion, with the main objective of acquiring highly reliable responses towards problems and surveys given to a panel of experts. In most instances, the Delphi technique is utilised to combine and counterbalance opinions from a group of heterogeneous experts that are based on information that is supplied jointly in the judging process. The Delphi technique is therefore a group process that makes use of written responses instead of oral group discussion, thereby avoiding problems related to power of personalities, influence from peers, and the status effect.

A panel comprising of 13 individuals – who are experts in either the academic field of CSR, or who are active in the private sector as CSR leaders – took part in the judging of the CSR-LQ measurement items (refer to section 3.3.4.1 for the respondent profile). The pilot questionnaire was

sent out to the selected respondents electronically. They were requested to indicate the importance of each item with regard to CSR leadership on a 5-point Likert-type scale ranging from 1 = *not at all important* to 5 = *absolutely critical*. There was also a space provided where comments about specific items could be made. Netemeyer et al. (2003) suggest that at least five or more judges take part in the process of judging the items for relevance.

Due to the time and economic constraints of this study, and to the fact that sufficient feedback was received during the first round of the Delphi technique, only one round took place before the final CSR-LQ questionnaire was developed.

### **3.3.4 Data recording and analysis**

All the qualitative data (comments on items) obtained through the Delphi technique were transferred into a Microsoft Excel-file template, while all the quantitative data (Likert-ratings) was transferred into a CSV-file for further statistical analysis. Firstly, comments on specific items were studied and used to improve certain items or to identify and delete duplicate items in line with the Delphi technique. Secondly, descriptive statistics were conducted on the item ratings with the help of the STATISTICA (Version 8.0) software (STATISTICA, 2008) and the deletion of items was based mainly on numerical decision rules.

According to Brown (2010), descriptive statistics are “commonly encountered, relatively simple, and for the most part easily understood” (p. 353). It allows the researcher to summarise large quantities of data, making it possible to present the data in a more simple, logical and manageable way (Burns, 2000). Descriptive statistics typically include measures of central tendency or average (modes, means, and medians), measures of dispersion (standard deviation and variance), and simple frequency distributions (Burns, 2000; Jupp, 2006; Vogt, 2005).

For the purpose of the current study, the means and the standard deviation were applied to identify the items that qualified for deletion based on the numerical decision rules. When interpreting the mean and standard deviation, it is important to take into account that the mean is highly influenced by a single extreme score (outlier) in the data set (Richard, 2010). This did not pose a problem in the current study, as Netemeyer et al. (2003) suggest that when judging items for content and face validity, only items with high interjudge agreement be retained. A decision rule sensitive to interjudge agreement was therefore needed to identify items that needed to be retained or deleted.

The criteria for inclusion of items are summarised in Table 3.4.

**Table 3.4*****Criteria for inclusion of items based on results of descriptive statistics***

Criteria for inclusion of items	
Mean ( $\bar{X}$ )	$\geq 3$
Standard deviation (SD) ( $\sigma$ )	$< 1$

Both the results and the final version of the CSR-LQ are presented in Chapter 4.

**3.3.4.1 Sampling strategy and sample profile: Phase 2**

During Phase 2 of the CSR-LQ development process, snowball sampling was mainly used to identify the research participants currently active in the CSR field in the private sector. In addition to snowball sampling, purposive sampling (discussed in section 3.3.1.3) was used to select the individuals currently active in the higher education sector that took part in the study.

Snowball sampling can be described as a non-probability sampling technique that researchers utilise to identify potential research subjects. It is typically employed in studies where research subjects are hard to identify (Castillo, 2009). According to Morgan (2008), the classic process for obtaining a snowball sample can be described as follows:

- Identifying and interviewing an initial set of research subjects who serve as experts on the subject being researched;
- Asking the initial set of research subjects to assist in the recruiting of additional research subjects.

Thus, the technique works like chain referral: the first research subject provides the researcher with the name of the second subject, who in turn provides the name of another, and so forth (Vogt, 1999). According to Castillo (2009), “the process of snowball sampling is much like asking your subjects to nominate another person with the same trait as your next subject” (para. 3).

Snowball sampling also has some disadvantages, as the risk of capturing a biased subset of the total population exists. This is because the eligible research subjects who are not linked to the initial set of research subjects will be excluded from the research. This problem can be reduced by selecting a diverse set of initial research subjects when commencing with the research. As a result, the likelihood that different segments of the total set of eligible research subjects will be reached in the snowballing process is increased (Morgan, 2008).

A total of 13 research participants (selected by means of purposive sampling and snowball sampling) participated in Phase 2 of the CSR-LQ development process. The 13 individuals who took part in this phase of the research are either experts in the academic field of CSR and/or leadership (6 participants) (higher education sector) or are currently active in the private sector (7 participants).

The contact information of the research participants active in the private sector were mainly obtained from the initial set of research subjects used in Phase 1 of the research study (snowball sampling), as well as from the *The CSI Handbook*. A total number of 32 individuals in the private sector were contacted via email for possible participation in the study, of which seven responded positively. This translates into a low response rate of approximately 22% of private sector participants.

The demographic profile of the research participants is presented in Table 3.5.

**Table 3.5**

***Demographic profile of research participants from higher education and industry***

Participant	Industry*	Job title	Tenure (yrs.)	Experience in CSR (yrs.)	Gender	Age	First language	Highest qualification
1	Higher education	Lecturer	0.5	5	Male	28	Shona	Master's degree
2	Higher education	Vice-Dean	25	0	Female	48	Afrikaans	PhD (Industrial Psychology, Consumer Psychology)
3	Higher education	Lecturer	2.8	0	Female	32	Afrikaans	MPhil (Entrepreneurship, Small Business Management)
4	Higher education	Professor	3	10	Female	39	Afrikaans	DComm (Business Management)
5	Higher education	Associate Professor	32	0	Male	57	Afrikaans	PhD (Industrial Psychology, Psychology)
6	Higher education	Senior Lecturer	7	12	Female	44	Afrikaans	PhD (Business Management)
7	Human health and social work activities	Manager: Marketing & Fundraising	2	4	Female	51	Afrikaans	BA
8	Wholesale and retail trade	Sustainability Manager: Africa; CSR Manager (Previous)	8	4	Female	33	Xhosa	Diploma (Marketing & Communication)
9	Accommodation and food service activities	Manager: Group Development, HR & CSI	4	4	Female	35	English	National Diploma (HRM)
10	Manufacturing	Communication Consultant	4	6	Female	38	Venda	BA (Communication & Information Science)
11	Mining and quarrying	Manager: Public & Corporate Affairs; CSR Manager (Previous)	14	10	Male	40	isiZulu	MBA

12	Financial and insurance activities <sup>a</sup>	CSI & Communications Manager	3	3	Male	32	English	Honours degree (Philosophy & English)
13	Financial and insurance activities <sup>a</sup>	Chief Executive Officer	2	12	Female	39	English	MBA

*Note.* \*Industries are classified according to the *Standard Industrial Classification of all Economic Activities (SIC) Seventh Edition* (Statistics South Africa, 2012).

<sup>a</sup> CSI fund management.

### 3.3.5 Phase 3: Finalisation of the CSR-LQ

After the successful completion of the first and second phases, the final version of the questionnaire was developed. The final version of the CSR-LQ (prior to empirical testing) is presented in Chapter 4.

## 3.4 REFLECTING ON ETHICAL RISK

When conducting social research, ethics is mainly concerned with: (a) the welfare of the research participants, and (b) ensuring that the research is conducted and reported in a fair and honest way (Stangor, 2004). For the purpose of this section, the focus will be on the first aspect, namely the welfare of the research participants.

Since this study made use of human research participants, it was important to reflect on the ethical issues that might arise during the execution of the field research. This was to ensure that the research participants were not harmed in any way while conducting the research, whilst preparing for any ethical dilemmas that might arise during the research.

Based on the guidelines for ethical research outlined by Ryen (2004), attention was paid to three main ethical issues: (a) informed consent, (b) confidentiality and (c) trust.

### 3.4.1 Informed consent

Before starting with the field research, informed consent must be obtained from the research participants. This entails informing the research participants about the purpose of the research, how the research is going to be executed, and their right to decline to participate in the study or to withdraw from it altogether (Ryen, 2004; Stangor, 2004).

The 18 research participants were provided with an informed consent form which they needed to sign before they could take part in the research (via email, one week prior to the data gathering). The form outlined the purpose of the study, the procedure that was going to be followed, and the

potential risk and discomforts that he/she might experience as a result of taking part in the research.

### **3.4.2 Confidentiality**

Confidentiality refers to keeping information about research participants – such as their identity, places, and the location of the research – private and only disclosing information with their explicit permission (Israel & Hay, 2006). By assuring research participants that their personal identity and the information they share will stay confidential, it might influence their willingness to take part in the research and encourage them to share information more freely (Arksey & Knight, 1999).

Procedures were put in place to conceal the identity of the research participants as far as possible. During the interviews conducted in Phase 1, each respondent's name was replaced with a corresponding index number. The identity of the respondents and the information they provided was split up and stored in a place different from the data. All the data obtained was stored in a secure storage space (password protected) to which only the researcher had access. No personal information was disclosed to any third party at any stage of the research process.

### **3.4.3 Trust**

During field research, it is important that there is a relationship characterised by trust between the researcher and the research participants. The first two ethical issues discussed above are closely linked with trust and forms part of building a relationship characterised by trust with the research participants, which leads to strong field relations (Ryen, 2004).

Part of building a relationship characterised by trust includes being truthful towards research participants and by not deceiving them. The deception of research participants can take various forms, such as using infiltration strategies to obtain information or deliberately misrepresenting oneself or the purpose of the research in an effort to obtain a greater and more in-depth understanding of the research topic (Ryen, 2004).

This study did not involve any deceptive techniques and research participants were not deceived about the nature of the research. The potential risks and discomforts of this research were very low and were discussed with the research participants. They were also given the opportunity to discuss any concerns they might have before we commenced with the research. The nature of the research and the potential risks and discomforts were also included in the consent form they were required to sign before the start of the research.

### **3.4.4 Ethical Clearance**

The proposed research, as outlined in this chapter, was submitted for ethical clearance to the Departmental Ethics Screening Committee (DESC) of the Department of Industrial Psychology of Stellenbosch University. Only once formal ethical clearance was obtained the researcher proceeded with the study.

### **3.5 SUMMARY**

In Chapter 3 the research methodology was presented and explained and an outline of the different phases of the CSR-LQ development process was discussed. The different phases of the questionnaire's development as well as the procedures followed for data gathering and analysis were presented. A reflection on the ethical risk was also discussed. In Chapter 4, the results of the data analyses will be presented, as well as the final version of the CSR-LQ.



## **CHAPTER 4: RESULTS**

### **4.1 INTRODUCTION**

The focus of this chapter will be on the results obtained from the data gathered (through the Delphi technique) during the second phase of the CSR-LQ development process. The chapter will conclude with the presentation of the final version of the CSR-LQ.

### **4.2 JUDGING OF THE CSR-LQ MEASUREMENT ITEMS**

#### **4.2.1 Results of Delphi technique in field research and data analysis**

As discussed in Chapter 3, the Delphi technique was employed for the judging of the provisional CSR-LQ measurement items. A two-stream approach was used to improve or delete items, namely: (1) analysing comments on specific items to improve certain items or to delete items, and (2) the use of descriptive statistics and numerical decision rules.

The comments received were extremely helpful to improve the content and face validity of the items. The comments were implemented by: (a) deleting items that respondents found troublesome/difficult to interpret, (b) merging similar items to create new items, and (c) rewording items that were confusing to the respondents but did show promise. The descriptive statistics were also helpful in retaining items that the expert judges felt are relevant to CSR leadership, whilst mean and standard deviation was used to identify those items that had high interjudge agreement. In most cases, the comments received corresponded with the results of the descriptive statistics.

The results of the descriptive statistics are presented in Table 4.1 on the following page. This is followed by an analysis of the results per CSR-LQ dimension.

**Table 4.1*****Descriptive statistics results for item ratings by expert judges***

Dimension and associated items	n	Mean (X)	SD ( $\sigma$ )
Monitoring the external CSR environment			
Item 1	13	4.08	0.64
Item 2	13	4.08	0.64
Item 3	12	3.50	1.09
Item 4	13	4.15	0.99
Item 5	12	4.33	0.78
Item 6	12	3.67	0.98
Item 7	13	4.46	0.66
Item 8	13	4.15	0.90
Monitoring the internal CSR environment			
Item 9	13	3.62	0.87
Item 10	13	4.08	0.64
Item 11	13	3.92	0.76
Item 12	13	3.62	0.87
Item 13	13	3.77	1.01
Item 14	12	3.75	0.97
Item 15	12	3.92	1.00
Developing a challenging vision			
Item 16	12	4.33	0.65
Item 17	13	4.31	0.95
Item 18	13	4.31	0.63
Item 19	12	4.08	1.00
Item 20	12	4.25	0.87
Item 21	13	3.69	0.75
Conceptualising CSR strategy			
Item 22	13	4.23	0.73
Item 23	12	3.92	1.16
Item 24	12	4.25	0.75
Item 25	13	4.38	0.77
Item 26	13	4.23	0.83
Item 27	12	4.08	1.00
Item 28	13	4.46	0.66
Item 29	13	4.08	1.12
Developing CSR performance plans			
Item 30	13	3.77	0.93
Item 31	13	4.00	0.82
Item 32	13	4.23	0.60

Dimension and associated items (cont.)	n	Mean (X)	SD ( $\sigma$ )
Item 33	13	4.15	0.80
Item 34	13	4.15	0.80
Item 35	13	4.46	0.66
Item 36	13	4.31	0.75
CSR leader self-discovery, reflection and self-awareness			
Item 37	11	4.27	0.65
Item 38	12	4.08	0.90
Item 39	12	4.00	1.13
Item 40	12	4.25	0.75
Item 41	12	4.25	0.87
Item 42	12	4.17	1.03
Item 43	12	4.25	0.75
Item 44	12	4.17	0.83
Item 45	12	4.17	0.83
Item 46	12	4.17	0.72
Item 47	12	4.00	0.85
Item 48	12	4.17	1.03
Item 49	12	4.17	0.83
Item 50	12	4.00	0.85
CSR leader personal growth and development			
Item 51	13	4.00	0.82
Item 52	13	3.62	1.19
Item 53	13	4.31	0.63
Item 54	13	3.92	0.76
Item 55	13	4.08	0.76
Item 56	12	4.08	0.79
Item 57	13	3.92	0.86
Item 58	12	3.58	1.16
Item 59	12	3.75	0.97
Empowering organisation members			
Item 60	12	3.25	1.06
Item 61	13	3.92	0.49
Item 62	12	3.33	0.89
Item 63	13	4.15	0.69
Item 64	12	2.92	0.90
Item 65	12	3.17	1.11

Dimension and associated items (cont.)	n	Mean (X)	SD ( $\sigma$ )
Item 66	12	3.58	1.08
Item 67	13	4.00	0.58
Item 68	12	3.83	0.58
Optimising processes and structures			
Item 69	12	3.42	0.67
Item 70	13	3.85	0.80
Item 71	13	3.69	0.75
Item 72	13	4.15	0.80
Item 73	13	4.23	0.93
Item 74	11	3.45	1.04
Item 75	12	4.08	0.79
Item 76	11	3.82	0.87
Articulating the CSR vision			
Item 77	11	4.27	0.65
Item 78	12	4.42	0.79
Item 79	12	4.33	0.49
Item 80	12	4.25	0.62
Item 81	12	4.25	0.62
Item 82	12	4.17	0.72
Item 83	12	4.25	0.62
Item 84	12	4.17	0.83
Inspiring and motivating organisation members			
Item 85	12	3.75	0.62
Item 86	12	3.83	0.58
Item 87	12	3.50	1.00
Item 88	13	4.23	0.83
Building trust and demonstrating integrity			
Item 89	11	4.09	0.70
Item 90	13	4.08	0.76
Item 91	13	4.08	0.76
Item 92	13	4.38	0.77
Item 93	13	4.00	0.71
Item 94	13	3.62	1.12
Item 95	12	3.50	0.90
Item 96	13	4.23	0.73
Item 97	13	4.46	0.78
Demonstrating decisiveness and hardiness			
Item 98	12	3.67	0.65
Item 99	12	4.33	0.49
Item 100	13	4.46	0.66

Dimension and associated items (cont.)	n	Mean (X)	SD ( $\sigma$ )
Item 101	12	4.25	0.62
Item 102	12	3.92	0.67
Item 103	12	4.17	0.83
Item 104	12	4.08	0.90
Acting entrepreneurial			
Item 105	12	3.25	1.14
Item 106	13	3.77	0.83
Item 107	13	4.00	0.58
Item 108	13	4.15	0.55
Item 109	12	3.75	0.62
Item 110	13	3.77	0.60
Item 111	12	4.00	0.74
Item 112	13	3.77	0.73
Item 113	13	3.85	0.99
Showing concern for others			
Item 114	12	3.58	1.31
Item 115	12	3.58	0.67
Item 116	12	3.67	0.78
Item 117	12	3.75	0.45
Item 118	12	4.25	0.62
Item 119	12	3.75	0.75
Item 120	12	4.08	0.67
Displaying sound interpersonal skills			
Item 121	12	4.17	0.72
Item 122	13	4.23	0.60
Item 123	13	4.08	0.64
Item 124	13	3.92	0.76
Item 125	12	4.17	0.58
Item 126	13	4.31	0.63
Item 127	13	3.85	0.99
Facilitating interdepartmental co-ordination			
Item 128	13	4.00	0.71
Item 129	12	4.08	0.51
Item 130	13	4.31	0.75
Item 131	12	3.58	0.90
Item 132	13	3.69	0.75
Item 133	12	3.83	0.39
Item 134	12	3.75	0.62
Item 135	13	4.08	0.76

Dimension and associated items (cont.)	n	Mean ( $\bar{x}$ )	SD ( $\sigma$ )
Influencing across external boundaries			
Item 136	13	4.00	0.71
Item 137	12	3.75	0.87
Item 138	12	4.00	0.95
Item 139	12	4.08	0.67
Item 140	12	4.08	0.79
Reviewing performance			
Item 141	11	4.18	0.87
Item 142	13	4.15	0.69
Item 143	12	3.92	0.90
Item 144	13	3.92	0.64
Item 145	13	3.62	0.87
Item 146	13	4.31	0.63
Item 147	13	4.15	0.69
Acknowledging and celebrating performance			
Item 148	13	4.31	0.63
Item 148	13	4.08	0.64
Item 150	13	4.23	0.44
Item 151	11	4.00	0.63
Item 152	12	4.08	0.67

### 4.2.2 Judging of items per dimension

The judging of the CSR-LQ items was done per dimension and the results are presented below:

**Monitoring the external CSR environment (Items 1 – 8):** In line with the Delphi technique, the comments on the items were studied and it was decided to delete *Item 6* and to merge *Item 4* and *Item 5*. Based on the results of the descriptive statistics conducted, *Item 3* was deleted based on the predetermined numerical decision rule ( $\sigma > 1$ ).

Table 4.2 shows how items for the dimension *monitoring the external CSR environment* were modified. The same strategy was employed for the remaining 19 dimensions.

**Table 4.2**

**CSR-LQ items for monitoring the external CSR environment prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Monitoring the external CSR environment		
1. Identifies recent developments in the external CSR environment that may affect the company's CSR performance	X	X
2. Interprets emerging trends in the external CSR environment which require a proactive response	X	X
3. Understands the position of the company's CSR unit/department in the external CSR environment	X	-
4. Strives to understand the needs of their customers, suppliers, competitors, and the broader community	X	-
5. Strives to understand the interrelatedness of CSR with other stakeholders such as customers, employees, suppliers, competitors, government, NGOs and the broader community	X	-
6. Interprets emerging business, social and social responsibility trends in the external CSR environment	X	-
7. Engages with different external stakeholders such as government and NGOs to determine changes in socio-developmental needs of the communities the organisation operates in	X	X
8. Provides opportunities for external stakeholders such as customers, suppliers, competitors, government, NGOs and communities to provide feedback	X	X
• Strives to understand the needs of all their stakeholders such as customers, employees, suppliers, competitors, government, NGOs and the broader community	-	X

**Monitoring the internal CSR environment (Items 9 – 15):** Based on the comments received, it was decided to delete *Item 12* and *Item 13*. The removal of *Item 13* was also supported by the predetermined numerical decision rules ( $\sigma > 1$ ). Table 4.3 shows how the items for the dimension were modified.

**Table 4.3****CSR-LQ items for monitoring the internal CSR environment prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Monitoring the internal CSR environment		
9. Identifies weaknesses in organisational culture that may obstruct accomplishment of the organisation's CSR objectives, e.g. motivation	X	X
10. Identifies factors that prevent the organisation from effectively achieving identified CSR objectives	X	X
11. Is aware of internal growth or other changes (e.g. change in organisational strategy) that may affect organisations' CSR objectives	X	X
12. Identifies structures that cause problem behaviour in terms of the organisation's CSR mission	X	-
13. Creates opportunities where employees can give feedback with regards to the organisation's CSR activities	X	-
14. Identifies organisational structures or systems that hamper accomplishment of the organisation's CSR goals	X	X
15. Is aware of employees' attitudes and behaviour towards the organisation's social responsibility activities	X	X

**Developing a challenging CSR vision (Items 16 – 21):** Based on the comments received, it was decided to adapt *Item 16* and to merge *Item 17* and *Item 20*. No items were deleted, based on the support of the descriptive statistics that indicated high mean scores ( $X > 3$ ) and acceptable standard deviations ( $\sigma < 1$ ) of all the items. Table 4.4 shows how the items for the dimension were modified.

**Table 4.4****CSR-LQ items for developing a challenging CSR vision prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Developing a challenging CSR vision		
16. Generates new ideas and possibilities for the future, in line with the overall strategy of the company	X	-
17. Builds a vision and culture that accommodates all relevant stakeholders, ranging from customers, employees, suppliers, competitors, and the broader community	X	-
18. Develops a clear vision with long-term CSR goals that gives employees a sense of purpose	X	X
19. Works at developing a vision that is focussed on enhancing society	X	X
20. Ensures the CSR vision is focussed on stakeholder needs (e.g. needs of customers, employees, suppliers, competitors, government, NGOs and the broader community)	X	-
21. Involves employees in the development of the company's CSR vision	X	X
• Generates new CSR ideas and possibilities for the future, in line with the overall strategy of the company	-	X
• Builds a vision and culture that accommodates the needs of all relevant stakeholders, ranging from customers, employees, suppliers, competitors, and the broader community	-	X

**Conceptualising CSR strategy (Items 22 – 29):** Based on the comments received, it was decided to delete *Item 27*, because it was viewed as similar to *Item 22*. *Item 23* was also described as “vague” by the panel of judges, resulting in its deletion. The removal of *Item 23* was also supported by the predetermined decision rules ( $\sigma > 1$ ). In addition to the removal of the above-mentioned items, *Item 29* was also deleted based on the predetermined decision rules ( $\sigma > 1$ ).

**Table 4.5****CSR-LQ items for conceptualising CSR strategy prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Conceptualising CSR strategy		
22. Develops CSR plans that are based on sufficient information from sources within (e.g. employees, other departments) and outside (e.g. NGOs, government) the organisation	X	X
23. Identifies the root causes of problem areas	X	-
24. Defines strategic issues clearly	X	X
25. Understands the longer term business consequences of CSR decisions	X	X
26. Develops CSR plans that are in line with the company's overall strategy	X	X
27. Develops CSR strategy that is based on sufficient information from sources within and from outside the organisation	X	-
28. Converts the CSR vision into clearly formulated strategic plans	X	X
29. Understands the business case for CSR	X	-

**Developing CSR performance plans (Items 30 – 36):** Based on the comments received, it was decided to include all the items in the final version of the CSR-LQ. This was supported by the results of the descriptive statistics that indicated high mean scores ( $\bar{X} > 3$ ) and acceptable standard deviations ( $\sigma < 1$ ) for all the items. Table 4.6 shows how the items for the dimension were modified.

**Table 4.6****CSR-LQ items for developing CSR performance plans prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Developing CSR performance plans		
30. Provides clarity about what is expected from employees in terms of CSR	X	X
31. Plans the implementation of CSR initiatives to fit the needs of the organisation	X	X
32. Ensures that employee, team and departmental goals are aligned with the CSR strategy of the organisation	X	X
33. Ensures CSR plans support the organisation's strategic plan	X	X
34. Sets specific CSR targets that are aligned with the organisation's overall CSR vision	X	X
35. Determines measurement criteria for the attainment of the CSR targets/performance	X	X
36. Implements CSR performance appraisal against the set criteria	X	X

**CSR leader self-discovery, reflection and self-awareness (Items 37 – 50):** Based on the comments received, it was decided to delete *Item 38* as it was viewed the same as *Item 49* and had a lower mean than *Item 49*. *Item 47* and *Item 50* were also merged into one item. Based on the results of the descriptive statistics conducted (see Table 1), *Item 39*, *Item 42* and *Item 48* were deleted based on the predetermined numerical decision rules ( $\sigma > 1$ ). Table 4.7 shows how the items for the dimension were modified.

**Table 4.7****CSR-LQ items for CSR leader self-discovery, reflection and self-awareness prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
CSR leader self-discovery, reflection and self-awareness		
37. Is open to feedback	X	X
38. Realises when his/her own behaviour is unsuitable and takes corrective action	X	-
39. Manages time effectively	X	-
40. Welcomes constructive criticism	X	X
41. Has good insight into his/her own strengths and weaknesses	X	X
42. Continuously reflects on his/her own behaviour and how it can be improved	X	-
43. Views constructive criticism as learning opportunity to improve future performance	X	X
44. Is aware of emotions in self and expresses them appropriately	X	X
45. Is open to feedback about how his/her behaviour affects other people	X	X
46. Is able to understand the emotions of others	X	X
47. Is able to manage own emotions	X	-
48. Manages himself/herself effectively	X	-
49. Realises when his/her own behaviour is inappropriate and takes corrective action	X	X
50. Is able to control own emotions	X	-
• Is able to manage/control own emotions	-	X

**CSR leader personal growth and development (Items 51 – 59):** Based on the comments received, it was decided to delete *Item 52* and *Item 58*. The deletion of these two items was also supported by the descriptive statistics and the predetermined numerical decision rules ( $\sigma > 1$ ). Table 4.8 shows how the items for the dimension were modified.

**Table 4.8****CSR-LQ items for CSR leader personal growth and development prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
CSR leader personal growth and development		
51. Identifies challenging CSR projects and opportunities to develop his/her own competence	X	X
52. Experiments with new ways of doing things, even if there are risks involved	X	-
53. Commits himself/herself to personal development and continuous learning in the field of CSR	X	X
54. Considers change in the CSR field as a challenge and an opportunity for growth	X	X
55. Continuously stays abreast with the latest developments in the CSR field (e.g. attends CSR conferences, networking events, courses, subscribes to newsletters)	X	X
56. Actively develops his/her own competence	X	X
57. Engages with peers in the field to identify new CSR projects to get involved with	X	X
58. Tries new approaches rather than rigidly adhering to conventional methods	X	-
59. Commits himself/herself to career development (e.g. attending leadership courses, has a personal mentor/coach)	X	X



**Empowering organisation members (Items 60 – 68):** Based on the comments received, it was decided to merge *Item 67* and *Item 68*. Based on the results of the descriptive statistics conducted, *Item 60*, *Item 64*, *Item 65* and *Item 66* were deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.9 shows how the items for the dimension were modified.

**Table 4.9**

**CSR-LQ items for empowering organisation members prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Empowering organisation members		
60. Helps organisation members to develop their strengths and improve their weaknesses	X	-
61. Supports employee participation (e.g. CSR decision-making, planning of CSR initiatives)	X	X
62. Gets followers to regularly assess work progress and learn better ways to do their work	X	X
63. Works at creating a sense of ownership for the organisation's social responsibility or the CSR initiatives followers are involved in	X	X
64. Creates conditions which enable employees to work undisturbed	X	-
65. Changes the way people work together when required	X	-
66. Encourages organisation members to learn from situations where things did not go as planned	X	-
67. Purposefully promotes CSR learning throughout the organisation	X	-
68. Promotes continuous learning with regard to social responsibility purposefully throughout the organisation	X	-
• Purposefully promotes learning with regard to social responsibility throughout the organisation	-	X

**Optimising processes and structures (Items 69 – 76):** Based on the comments received, it was decided to delete *Item 74* and to rewrite *Item 76* in order to improve the item. The removal of *Item 74* was also supported by the predetermined numerical decision rules ( $\sigma > 1$ ). Table 4.10 shows how the items for the dimension were modified.

**Table 4.10**

**CSR-LQ items for optimising processes and structures prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Optimising processes and structures		
69. Revises the practices of the organisation to adapt to changes in the CSR environment	X	X
70. Adapts the structures and core processes of the organisation to support implementation of the company's CSR strategy	X	X
71. Ensures that the CSR policies and procedures of the organisation support work performance	X	X
72. Works at creating a high performance CSR work culture in the organisation	X	X
73. Clarifies roles and responsibilities (who does what) before setting CSR performance goals	X	X
74. Creates a work environment that facilitates effective performance by organisation members	X	-
75. Revises CSR structures and processes when the organisation's CSR strategy changes	X	X
76. Promotes open communication throughout organisation	X	-
• Promotes open CSR communication throughout organisation	-	X

**Articulating the CSR vision (Items 77 – 84):** Based on the comments received and the results of the descriptive statistics, all items in this dimension were retained and no adjustments to items were made. Table 4.11 shows how the items for the dimension were modified.

**Table 4.11**

**CSR-LQ items for articulating the CSR vision prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Articulating the CSR vision		
77. Articulates a clear and challenging vision for CSR	X	X
78. Envisions a future with regard to corporate responsibility that excites followers and releases energy in the organisation	X	X
79. Conveys a sense of mission that inspires commitment to CSR in followers	X	X
80. Shows a clear sense of direction in terms of where the organisation is going with CSR	X	X
81. Excites employees to take part in the company's CSR initiatives through leading by example	X	X
82. Helps employees make sense of CSR vision by linking it to the company's overall strategy	X	X
83. Communicates a CSR vision that provides direction and focuses organisation members' energy towards the CSR vision	X	X
84. Inspires organisation members' commitment to the organisations CSR mission	X	X

**Inspiring and motivating organisation members (Items 85 – 88):** Based on the comments received it was decided to delete *Item 87*. The removal of *Item 87* was also supported by the results of the descriptive statistics ( $\sigma_1$ ). Table 4.12 shows how the items for the dimension were modified.

**Table 4.12**

**CSR-LQ items for inspiring and motivating organisation members prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Inspiring and motivating organisation members		
85. Increases the willingness of organisation members to put in more effort to get involved in the organisation's social responsibility activities/initiatives	X	X
86. Raises the CSR aspirations of organisation members and develops their potential	X	X
87. Builds confidence in organisation members to perform effectively	X	-
88. Conveys ideas and proposals with regard to the organisation's social responsibility convincingly	X	X

**Building trust and demonstrating integrity (Items 89 – 97):** Based on the comments received it was decided to delete *Item 94*. The removal of *Item 94* was also supported by the results of the descriptive statistics ( $\sigma > 1$ ). Table 4.13 shows how the items for the dimension were modified.

**Table 4.13****CSR-LQ items for building trust and demonstrating integrity prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Building trust and demonstrating integrity		
89. Acts in a transparent way: employees know what he or she stands for in the organisation	X	X
90. Puts the well-being of the organisation's CSR initiatives above own interest	X	X
91. Ensures that his/her behaviour supports the values of the organisation's	X	X
92. Considers organisational as well as ethical implications of decisions	X	X
93. Builds confidence in the purpose and direction of the organisation's CSR strategy in organisation members	X	X
94. Holds individuals accountable for behaviours that are not in line with organisation CSR values	X	-
95. Earns respect for results he/she has achieved	X	X
96. Deals honestly with all stakeholders (e.g. employees, colleagues, community members)	X	X
97. Delivers on promises to stakeholders (e.g. employees, colleagues, NGO's, community members)	X	X

**Demonstrating decisiveness and hardiness (Items 98 – 104):** Based on the comments received and the results of the descriptive statistics, all items in this dimension were retained and no adjustments to items were made. Table 4.14 shows how the items for the dimension were modified.

**Table 4.14****CSR-LQ items for demonstrating decisiveness and hardiness prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Demonstrating decisiveness and hardiness		
98. Acts quickly and decisively	X	X
99. Shows credibility and confidence even in difficult situations	X	X
100. Is prepared to make tough decisions concerning the organisation's social responsibility	X	X
101. Reacts positively to change and uncertainty	X	X
102. Positively exploits organisational change	X	X
103. Reacts decisively in response to change and uncertainty	X	X
104. Can make CSR decisions that are not always popular with stakeholders, but in the best interest of the beneficiary/company (e.g. cut funding to force beneficiary to become more independent)	X	X

**Acting entrepreneurial (Items 105 – 113):** No items were deleted, merged or improved based on the comments received. However, based on the results of the descriptive statistics conducted, *Item 105* was deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.15 shows how the items for the dimension were modified.

**Table 4.15****CSR-LQ items for acting entrepreneurial prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Acting entrepreneurial		
105. Takes considerable CSR risks for the benefit of the organisation	X	-
106. Questions the way in which the organisation's CSR is currently being carried out	X	X
107. Grasps new CSR opportunities to accomplish the organisation's CSR goals	X	X
108. Seeks innovative alternatives for improving the organisation's CSR functions	X	X
109. Accepts organisational change	X	X
110. Promotes new CSR ideas and projects for the organisation	X	X
111. Is continuously on the lookout for opportunities to improve the organisation's social responsibility	X	X
112. Takes calculated risks for the benefit of CSR in the organisation	X	X
113. Does a cost-benefit analysis of the CSR opportunities that present themselves	X	X

**Showing concern for others (Items 114 – 120):** No items were deleted, merged or improved based on the comments received. However, based on the results of the descriptive statistics conducted, *Item 114* was deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.16 shows how the items for the dimension were modified.

**Table 4.16****CSR-LQ items for showing concern for others prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Showing concerns for others		
114. Develops full understanding for the problems of organisation members	X	-
115. Acknowledges that each organisation member has needs and aspirations	X	X
116. Encourages organisation members to express their ideas or feelings	X	X
117. Shows concern for the needs and feelings of others	X	X
118. Treats diverse individuals with dignity and respect	X	X
119. Understands how followers think and feel about their work	X	X
120. Takes active attempts to build a relationship with CSR members	X	X

**Displaying sound interpersonal skills (Items 121 – 127):** Based on the comments received, it was decided to merge *Item 121* and *Item 126*. Based on the results of the descriptive statistics conducted, no items were deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.17 shows how the items for the dimension were modified.

**Table 4.17****CSR-LQ items for displaying sound interpersonal skills prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Displaying sound interpersonal skills		
121. Obtains different viewpoints when solving problems	X	-
122. Listens carefully to understand different viewpoints when solving problems	X	X
123. Deals with problems around human diversity in a constructive manner	X	X
124. Proactively works through conflicts	X	X
125. Listens with openness and understanding	X	X
126. Obtains viewpoints from relevant stakeholders when solving CSR problems	X	-

Dimension and final item verbiage (cont.)	Pre-judging	Final CSR-LQ
127. Adapts his/her leadership style to address the needs of diverse individuals and groups	X	X
• Obtains different viewpoints from relevant stakeholders when solving CSR problems	-	X

**Facilitating inter-departmental co-ordination (Items 128 – 135):** Based on the comments received, it was decided to delete *Item 131* as it was viewed as repetitive and does not directly relate to CSR. Based on the results of the descriptive statistics conducted, no items were deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.18 shows how the items for the dimension were modified.

**Table 4.18**

**CSR-LQ items for facilitating inter-departmental co-ordination prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Facilitating inter-departmental co-ordination		
128. Stimulates collaboration and teamwork across departments or sections in order to reach the organisation's CSR objectives	X	X
129. Encourages different departments or sections to operate in a co-ordinated, interdependent fashion	X	X
130. Helps organisation members see the big picture of social responsibility by explaining links between different strategies, processes and projects	X	X
131. Shows capability to manage across different functions or units	X	-
132. Promotes the continuous flow of CSR information between different departments or sections	X	X
133. Helps sections or departments to work well together by explaining the wider CSR picture	X	X
134. Shows capability to manage CSR strategies and processes across sections or departments	X	X
135. Encourages different departments or sections to share resources in order for the organisation to achieve the organisation's overall CSR goals and objectives	X	X

**Influencing across external boundaries (Items 136 – 140):** Based on the comments received and on the results of the descriptive statistics, all items in this dimension were retained and no adjustments were made to items. Table 4.19 shows how the items for the dimension were modified.

**Table 4.19**

**CSR-LQ items for influencing across external boundaries prior to and after expert judging**

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Influencing across external boundaries		
136. Builds the organisation's social responsibility image	X	X
137. Builds the image of the CSR industry or profession	X	X
138. Listens to the needs of all relevant stakeholders (e.g. customers, employees, suppliers, competitors, government, NGOs and the broader community) regarding the organisation's CSR activities	X	X
139. Gets involved in community-related initiatives: practises socially responsible citizenship	X	X
140. Addresses public responsibility issues: practices good citizenship	X	X

**Reviewing performance (Items 141 – 147):** Based on the comments received and the results of the descriptive statistics, all items in this dimension were retained and no adjustments were made to items. Table 4.20 shows how the items for the dimension were modified.

**Table 4.20**

***CSR-LQ items for reviewing performance prior to and after expert judging***

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Reviewing performance		
141. Gives specific feedback to help employees achieve their goals	X	X
142. Provides feedback to organisation members about the organisation's CSR performance	X	X
143. Measures organisation members in terms of achieving their goals	X	X
144. Provides continuous performance feedback to organisation members in terms of their CSR performance	X	X
145. Measures employees' performance in terms of achievement of agreed upon CSR goals	X	X
146. Continuously shares the results/outcomes of the organisation's social responsibility endeavours with organisation members	X	X
147. Regularly obtains feedback from external stakeholders (e.g. communities, government, NGOs) with regard to the organisation's CSR performance	X	X

**Acknowledging and celebrating performance (Items 148 – 152):** Based on the comments received, it was decided to delete *Item 151* as it was viewed as repetitive and does not directly relate to CSR. Based on the results of the descriptive statistics conducted, no items were deleted based on the predetermined numerical decision rules ( $X < 3$  and/or  $\sigma > 1$ ). Table 4.21 shows how the items for the dimension were modified.

**Table 4.21**

***CSR-LQ items for acknowledging and celebrating performance prior to and after expert judging***

Dimension and final item verbiage	Pre-judging	Final CSR-LQ
Acknowledging and celebrating performance		
148. Gives recognition to members for successful completion of CSR initiatives or meeting CSR performance goals	X	X
149. Expresses appreciation for what employees contribute to the organisation in terms of CSR	X	X
150. Celebrates the organisation's major CSR achievements	X	X
151. Gives recognition to employees for positive behaviour and attitude in carrying out their duties	X	-
152. Expresses appreciation towards organisation members who advance the organisation's CSR goals	X	X

### 4.3 Finalisation of the CSR-LQ

After the completion of the data analysis, the final version of the CSR-LQ was developed and is presented in Addendum B. In total, 36 items were deleted from the pilot CSR-LQ questionnaire, while seven new items were added through the merging of items. The final version of the CSR-LQ hence consists of 123 items.

#### **4.4 SUMMARY**

In Chapter 4, the results obtained from the data (gathered through the Delphi technique during the second phase of the CSR-LQ development) were presented. The judging of the CSR-LQ items was done per dimension and the chapter concluded with the finalisation of the CSR-LQ measurement instrument. Chapter 5 will discuss the limitations of this study, as well as give recommendations in terms of future research.

## CHAPTER 5: CONCLUSION

### 5.1 INTRODUCTION

In Chapter 5 the main conclusions of the study are presented. Furthermore, the contributions of the study towards the current body of knowledge, as well as the limitations of the study, will be discussed. Lastly, recommendations for future research are provided.

### 5.2 DISCUSSION AND CONCLUSIONS

Since this study was the first step toward the development of a comprehensive, all-inclusive CSR leadership competency model, it is premature to draw conclusions from this study. Conclusions can only be made after the CSR leadership measurement instrument that was developed in this study undergoes empirical testing.

However, based on the data gathered from the 18 respondents (representing various industries' representatives) during the development of the CSR-LQ (refer to sections 3.3.1.3 and 3.3.4.1), the following tentative conclusions, with regard to CSR in general, are drawn:

- The CEO, assisted by the group or company secretary, is primarily responsible for setting the organisation's policy on CSR and providing oversight, while specific positions are then created to implement the organisation's CSR strategy and to coordinate the various components of their CSR initiatives.
- Some South African companies are committed to CSR and realise its importance as a way to address South Africa's societal and environmental issues. They also see the business benefits of engaging in CSR and view it as part of their competitive advantage.
- Although the terms "CSR" and "CSI" have different meanings, the two terms are used interchangeably by many South African organisations.
- The release of the draft National Development Plan entitled "Vision for 2030" in November 2011, and the acceptance of the revised National Development Plan (NDP) 2030 entitled "Our future – make it work" by the South African parliament in August 2012, impacted the CSR strategy and CSR initiatives of many South African companies. The NDP motivated companies to review and revise their CSR strategies and to align their CSR outcomes with the NDP in order to assist the country in achieving the plan's stated objectives.



- Many South African organisations align their CSR strategies with their core competencies and use their available resources to achieve their stated CSR outcomes.
- In order to successfully implement CSR throughout the organisation, it is important to make it part of the organisation's culture.

It must be stressed that the general conclusions drawn above are based on the information gathered from the respondents. Therefore, it places some limitations on generalising it to all South African organisations.

### 5.3 LIMITATIONS

Although the current study was underpinned by a theoretically sound research methodology, the study still had its limitations due to time, economic and practicability constraints.

- As mentioned in the literature review, there is a lack of research on the intersection between CSR and leadership (Strand, 2011; Waldman & Siegel, 2008). South African research studies on CSR and leadership are even more scant. This research attempted to shed light on the topic of CSR leadership to the best of the author's ability and did not attempt to cover all the available literature on the topic.
- The study was limited to large organisations in the private sector in South Africa, which imposes limitations on the generalisation of the study's results to small and medium-sized businesses, as well as organisations outside of South Africa.
- The fact that only CSR leaders took part in the development process of the CSR-LQ could be considered a minor limitation as the study set out to develop a CSR leadership measurement instrument that could be used to obtain 360° assessments of CSR leadership competencies. If direct followers and peers of CSR leaders were included in the sample it could have impacted on the results. However, this is viewed as a minor limitation since it was believed that the subject experts know the field of CSR leadership the best and that followers and peers can be included in the empirical testing of the instrument at a later stage.
- The Critical Incident Technique (CIT) was used during the first phase of the CSR-LQ development process and requires a skilled researcher in order for it to be conducted well (Chell, 2004). The skill of the researcher could have had an impact on the quality of the data that was collected, as well as the interpretation thereof.

- The low response rate (approx. 22%) of private sector participants during the second phase of the research and the total sample size of  $n=18$  ( $n=5$  during the first phase and  $n=13$  during the second phase) may be considered as not having provided a representative pool of judgements regarding CSR leadership.
- The language used throughout the study (during the interviews and in the measurement instrument) could be considered a limitation. Although the items of CSR-LQ were in English, English is the home language of only three out of the 13 expert judges that took part in the judging of the CSR-LQ items. This could have had an adverse effect on how the judges understood the items, which might have had an impact on how they rated the relevance of each item.
- An alternative leadership model or measurement instrument could have been chosen to form the basis of the CSR-LQ. In this study, the neo-charismatic leadership paradigm was chosen as the paradigm in which CSR leadership falls and the LBI-2, as developed by Spangenberg and Theron (2010; 2011), was proposed to form the basis of the CSR leadership measurement instrument that was developed. Alternative leadership models could have been chosen and different leadership theories could have offered different results.
- The methodology employed in the development of the CSR-LQ did not include a scale purification phase in which the reliability and validity of the items were studied.

Despite these limitations, it is still believed that the results of this study are relevant and could contribute to future research in CSR leadership.

#### **5.4 RECOMMENDATIONS FOR FUTURE RESEARCH**

The main motivation for developing the CSR-LQ was to develop a measure of CSR leadership competence to enable the eventual development and empirical testing of a CSR leadership competency model. Based on this, the following recommendations for further research are made:

- The CSR-LQ measurement instrument needs to be validated by utilising Structural Equation Modelling (SEM). Hoyle (1995) describes SEM as "a comprehensive statistical approach to testing hypotheses about relations among observed and latent variables" (p. 4). Because the SEM process is based on co-variances that are less stable when estimated from small samples, a large sample of CSR leaders with one or more followers would be needed. When the sample size is under 200, it normally means that the parameter

estimates are unstable and that the analysis will lack statistical power (Ullman, 2006). Once the SEM process has been completed and credible evidence on the reliability and construct validity of the instrument exists, the CSR-LQ can be used with confidence to operationalise the twenty latent behavioural CSR leadership dimensions as presented in the model.

- Once the CSR-LQ has been validated (meaning that the competencies of a successful CSR leader have been identified) future researchers can focus on identifying the outcomes of CSR leadership and continue with the development of a comprehensive CSR leadership competency model.

## **5.5 SUMMARY AND CONCLUDING REMARKS**

In this chapter the tentative conclusions based on the data gathered from the 18 research participants were drawn. The limitations and recommendations for future research were also discussed. As the research process progressed, it became clear that many South African organisations have acknowledged their role in driving social and environmental change in the country and that CSR has grown to become an important part of their daily operations.

It is believed that this study sheds some light on the topic of CSR leadership and that the development of the CSR leadership measurement instrument will lead to further research in the field. It is hoped that the eventual development of a CSR leadership competency model will follow that could be used to identify and develop successful CSR leaders that will contribute to the CSR objectives of their respective organisations and will contribute to the future development of the country.

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**ADDENDUM A: INTERVIEW SCHEDULE**

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**STELLENBOSCH UNIVERSITY  
INTERVIEW SCHEDULE**

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*Research title:* The Development of a Corporate Social Responsibility Leadership Questionnaire

**1. OPENING**

- A. (Establish Rapport) [shake hands] My name is Liam van Zyl and I am going to interview you as part of my Masters research study in Industrial Psychology. You were selected as a possible participant in this study because you are responsible for managing/co-ordinating Corporate Social Responsibility (CSR) in an organisation and someone who can give a valuable input to the data gathering process of this study.
- B. (Purpose) In recent years, organisations have realised that they have responsibilities towards the environment and the communities they operate in, and that their responsibilities go beyond than just making profits for their shareholders. This growing awareness amongst them has caused the concept of corporate social responsibility (CSR) to grow in importance and significance, with large organisations creating specific positions or departments to spearhead the various components of its CSR programme.

The purpose of this study is to identify the leadership behaviours necessary to be a successful CSR leader (CSR head/manager/coordinator) in an organisation and to develop a leadership measurement instrument that could be used to obtain 360° assessments of the CSR leadership competencies. The instrument will measure the current level of CSR leadership competence of individuals responsible for managing CSR in organisations, and could be utilised to determine which leadership areas need further development in order to improve their performance.

- C. (Procedure) During the interview, you will be asked about your understanding of CSR and leadership and be asked to identify and describe the job requirements and behaviours that

are critical to be a successful CSR leader in an large organisation. The specific research technique used during the interview is called the Critical Incident Technique. There are no right or wrong responses; I am merely interested in your personal opinions. By agreeing to participate in this study, you also explicitly give the researcher permission for the interview to be audio recorded in order to ensure that your responses are recorded accurately. Please be assured that confidentiality will be maintained at all times.

- D. (Time Frame) The interview will take place at a time and location that is convenient to you and the researcher and would require approximately 50 minutes of your time.

## **2. BODY (CRITICAL INCIDENT TECHNIQUE)**

- A. (Introduction) As mentioned earlier, I am conducting this interview to determine the type of behaviours that makes an effective CSR leader. You are currently the CSR manager/leader/coordinator of your company. Let us say you are a very effective CSR leader.
- B. (Interview) I would like us to focus on the \_\_\_\_\_ dimension. Keeping the chosen dimension in mind, I would like you to think back over the past six to twelve months of specific incidents that you were involved in. Can you think of any incident?

(If incident is recalled) You have thought of an incident. For each incident you recall, I am going to ask three questions:

- What were the circumstances surrounding the incident? What was the background? What was the situation?
- What exactly did you do that was effective (or ineffective)?
- How is the incident you described an example of effective (or ineffective) behaviour? How did it affect the task(s) that you were performing?

- C. (Repeat the procedure)

## **3. CLOSING**

- A. (Maintain Rapport) I appreciate the time you took for this interview. Is there anything else you think would be helpful for me to know so that I can successfully complete my research?
- B. Thank you for your time. Please contact me if you have any questions

**ADDENDUM B: FINAL VERSION OF THE CSR-LQ****CORPORATE SOCIAL RESPONSIBILITY LEADERSHIP QUESTIONNAIRE (CSR-LQ)****INTRODUCTION**

Organisations and the business community have started to realise that they have responsibilities towards the environment and the communities they operate in, and that their responsibilities stretch further than merely making profits for their shareholders. This growing awareness amongst them have caused the concept of corporate social responsibility (CSR) to grow in importance and significance, with large organisations creating specific positions or departments to spearhead the various components of its CSR program.

CSR can be defined as the adoption by an organisation of a strategic focus to fulfil the economic, legal, ethical, and philanthropic/voluntary responsibilities as expected of it by society:

- The economic responsibilities of a business includes to produce goods and services that society wants at a price that maintains the business, while at the same time satisfying its obligations to its shareholders;
- Legal responsibilities refer to the positive and negative obligations put on businesses by the law and regulations in the society in which it operates, thus, it refers to obeying the laws and regulations of society;
- Ethical responsibilities comprise of meeting other societal expectations, not written in the law; while
- Voluntary responsibilities (philanthropic) are additional behaviours and actions that society finds desirable and complements the business's values.

The purpose of this leadership measurement instrument is to determine the frequency with which you display CSR leadership behaviours that are important to be an effective CSR leader in your organisation. This questionnaire will assess your strengths and weaknesses with regards to CSR leadership and identify the leadership areas where further development is needed.

**BIOGRAPHICAL INFORMATION**

NAME AND SURNAME	
AGE	
GENDER	
INDUSTRY SECTOR OF ORGANISATION CURRENTLY EMPLOYED AT	
POSITION	
FIRST LANGUAGE/MOTHER TONGUE	
TOTAL YEARS OF CSR EXPERIENCE	
HIGHEST QUALIFICATION AND MAJORS	

**INFORMED CONSENT**

I have read the informed consent form attached to the email I received with this questionnaire and consent to complete the CSR Leadership Questionnaire.

Please [CLICK HERE](#) to indicate your CONSENT

**INSTRUCTIONS**

The CSR-LQ consist of 123 items. Read each item carefully and choose the scale option (1-5) that best describes how often you display this behaviour at work.

**1. Rarely      2. Once in a while      3. Sometimes      4. Fairly often      5. Very frequently**

You should think of and evaluate yourself as the CSR leader and indicate the frequency with which you exhibited the following behaviours over the last 12 months. It should take approximately **45 minutes to complete the questionnaire.**

**CSR LEADERSHIP QUESTIONNAIRE****CREATING A CSR VISION AND STRATEGY****MONITORING THE EXTERNAL CSR ENVIRONMENT**

1	Identifies recent developments in the external CSR environment that may affect the company's CSR performance	
2	Interprets emerging trends in the external CSR environment which require a proactive response	
3	Engages with different external stakeholders such as government and NGO's to determine changes in socio-developmental needs of the communities the organisation operates in	
4	Provides opportunities for external stakeholders such as customers, suppliers, competitors, government, NGO's and communities to provide feedback	
5	Strives to understand the needs of all their stakeholders such as customers, employees, suppliers, competitors, government, NGO's and the broader community	

**MONITORING THE INTERNAL CSR ENVIRONMENT**

6	Identifies weaknesses in organisational culture that may obstruct accomplishment of the organisation's CSR objectives, e.g. motivation	
7	Identifies factors that prevent the organisation from effectively achieving identified CSR objectives	
8	Is aware of internal growth or other changes (e.g. change in organisational strategy) that may affect organisation's CSR objectives	
9	Identifies organisational structures or systems that hamper accomplishment of the organisation's CSR goals	
10	Is aware of employees' attitudes and behaviour towards the organisation's social responsibility activities	

**DEVELOPING A CHALLENGING CSR VISION**

11	Develops a clear vision with long-term CSR goals that gives employees a sense of purpose	
12	Works at developing a vision that is focussed on enhancing society	
13	Involves employees in the development of the company's CSR vision	
14	Generates new CSR ideas and possibilities for the future, in line with the overall strategy of the company	
15	Builds a vision and culture that accommodates the needs of all relevant stakeholders, ranging from customers, employees, suppliers, competitors, and the broader community	



**CONCEPTUALISING CSR STRATEGY**

- |    |  |  |
|----|--|--|
| 16 | Develops CSR plans that are based on sufficient information from sources within (e.g. employees, other departments) and outside (e.g. NGOs, government) the organisation |  |
| 17 | Defines strategic issues clearly   |  |
| 18 | Understands the longer term business consequences of CSR decisions   |  |
| 19 | Develops CSR plans that are in line with the company's overall strategy  |  |
| 20 | Converts the CSR vision into clearly formulated strategic plans  |  |

**DEVELOPING CSR PERFORMANCE PLANS**

- |    |  |  |
|----|--|--|
| 21 | Provides clarity about what is expected from employees in terms of CSR                                   |  |
| 22 | Plans the implementation of CSR initiatives to fit the needs of the organisation                         |  |
| 23 | Ensures that employee, team and departmental goals are aligned with the CSR strategy of the organisation |  |
| 24 | Ensures CSR plans support the organisation's strategic plan  |  |
| 25 | Sets specific CSR targets that are aligned with the organisation's overall CSR vision                    |  |
| 26 | Determines measurement criteria for the attainment of the CSR targets/performance                        |  |
| 27 | Implements CSR performance appraisal against the set criteria  |  |

**PREPARING THE ORGANISATION FOR THE IMPLEMENTATION OF THE CSR VISION AND STRATEGY****CSR LEADER SELF-DISCOVERY, REFLECTION AND SELF-AWARENESS**

- |    |  |  |
|----|--|--|
| 28 | Is open to feedback  |  |
| 29 | Welcomes constructive criticism  |  |
| 30 | Has good insight into his/her own strengths and weaknesses                         |  |
| 31 | Views constructive criticism as learning opportunity to improve future performance |  |
| 32 | Is aware of emotions in self and express them appropriately                        |  |
| 33 | Is open to feedback about how his/her behaviour affects other people               |  |
| 34 | Is able to understand the emotions of others                                       |  |
| 35 | Realises when his/her own behaviour is inappropriate and takes corrective action   |  |
| 36 | Is able to manage/control own emotions   |  |

**CSR LEADER PERSONAL GROWTH AND DEVELOPMENT**

- |    |  |  |
|----|--|--|
| 37 | Identifies challenging CSR projects and opportunities to develop his/her own competence  |  |
| 38 | Commits himself/herself to personal development and continuous learning in the field of CSR  |  |
| 39 | Considers change in the CSR field as a challenge and an opportunity for growth   |  |
| 40 | Continuously stays abreast with the latest developments in the CSR field (e.g. attend CSR conferences, networking events, courses, subscribe to newsletters) |  |
| 41 | Actively develops his/her own competence   |  |
| 42 | Engages with peers in the field to identify new CSR projects to get involved with  |  |
| 43 | Commits himself/herself to career development (e.g. attending leadership courses, has a personal mentor/coach)   |  |

**EMPOWERING ORGANISATION MEMBERS**

- |    |  |  |
|----|--|--|
| 44 | Supports employee participation (e.g. CSR decision-making, planning of CSR initiatives)  |  |
| 45 | Gets followers to regularly assess work progress and learn better ways to do their work  |  |
| 46 | Works at creating a sense of ownership for the organisation's social responsibility or the CSR initiatives followers are involved in |  |
| 47 | Purposefully promotes learning with regards to social responsibility throughout the organisation                                     |  |

**OPTIMISING PROCESSES AND STRUCTURES**

- |    |  |  |
|----|--|--|
| 48 | Revises the practices of the organisation to adapt to changes in the CSR environment                                 |  |
| 49 | Adapts the structures and core processes of the organisation to support implementation of the company's CSR strategy |  |
| 50 | Ensures that the CSR policies and procedures of the organisation support work performance                            |  |
| 51 | Works at creating a high performance CSR work culture in the organisation  |  |
| 52 | Clarifies roles and responsibilities (who does what) before setting CSR performance goals                            |  |
| 53 | Revises CSR structures and processes when the organisation's CSR strategy changes                                    |  |
| 54 | Promotes open CSR communication throughout organisation  |  |

**IMPLEMENTING THE CSR VISION AND STRATEGY****ARTICULATING THE CSR VISION**

- |    |   |  |
|----|---|--|
| 55 | Articulates a clear and challenging vision for CSR  |  |
| 56 | Envisions a future with regard to corporate responsibility that excites followers and releases energy in the organisation |  |
| 57 | Conveys a sense of mission that inspires commitment to CSR in followers   |  |
| 58 | Shows a clear sense of direction in terms of where the organisation is going with CSR                                     |  |
| 59 | Excites employees to take part in the company's CSR initiatives through leading by example                                |  |
| 60 | Helps employees make sense of CSR vision by linking it to the company's overall strategy                                  |  |
| 61 | Communicates a CSR vision that provides direction and focusses organisation members' energy towards the CSR vision        |  |
| 62 | Inspires organisation members' commitment to the organisation's CSR mission   |  |

**INSPIRING AND MOTIVATING ORGANISATION MEMBERS**

63 Increases the willingness of organisation members to put in more effort to get involved in the organisation's social responsibility activities/initiatives

64 Raises the CSR aspirations of organisation members and develops their potential

65 Conveys ideas and proposals with regard to the organisation's social responsibility convincingly

**BUILDING TRUST AND DEMONSTRATING INTEGRITY**

66 Acts in a transparent way: employees know what he or she stands for in the organisation

67 Puts the well-being of the organisation's CSR initiatives above own interest

68 Ensures that his/her behaviour supports the values of the organisation's

69 Considers organisational as well as ethical implications of decisions

70 Builds confidence in the purpose and direction of the organisation's CSR strategy in organisation members

71 Earns respect for results he/she has achieved

72 Deals honestly with all stakeholders (e.g. employees, colleagues, community members)

73 Delivers on promises to stakeholders (e.g. employees, colleagues, NGO's, community members)

**DEMONSTRATING DECISIVENESS AND HARDINESS**

74 Acts quickly and decisively

75 Shows credibility and confidence even in difficult situations

76 Is prepared to make tough decisions concerning the organisation's social responsibility

77 Reacts positively to change and uncertainty

78 Positively exploits organisational change

79 Reacts decisively in response to change and uncertainty

80 Can make CSR decisions that are not always popular with stakeholders, but in the best interest of the beneficiary/company (e.g. cut funding to force beneficiary to become more independent)

**ACTING ENTREPRENEURIAL**

81 Questions the way in which the organisation's CSR is currently being carried out

82 Grasps new CSR opportunities to accomplish the organisation's CSR goals

83 Seeks innovative alternatives for improving the organisation's CSR functions

84 Accepts organisational change

85 Promotes new CSR ideas and projects for the organisation

86 Is continuously on the lookout for opportunities to improve the organisations social responsibility

87 Takes calculated risks for the benefit of CSR in the organisation

88 Does a cost-benefit analysis of the CSR opportunities that present themselves

**SHOWING CONCERN FOR OTHERS**

- 89 Acknowledges that each organisation member has needs and aspirations
- 90 Encourages organisation members to express their ideas or feelings
- 91 Shows concern for the needs and feelings of others
- 92 Treats diverse individuals with dignity and respect
- 93 Understands how followers think and feel about their work
- 94 Takes active attempts to build a relationship with CSR members

**DISPLAYING SOUND INTERPERSONAL SKILLS**

- 95 Listens carefully to understand different viewpoints when solving problems
- 96 Deals with problems around human diversity in a constructive manner
- 97 Proactively works through conflicts
- 98 Listens with openness and understanding
- 99 Adapts his/her leadership style to address the needs of diverse individuals and groups
- 100 Obtains different viewpoints from relevant stakeholders when solving CSR problems

**FACILITATING INTER-DEPARTMENTAL CO-ORDINATION**

- 101 Stimulates collaboration and teamwork across departments or sections in order to reach the organisation's CSR objectives
- 102 Encourages different departments or sections to operate in a co-ordinated, interdependent fashion
- 103 Helps organisation members see the big picture of social responsibility by explaining links between different strategies, processes and projects
- 104 Promotes the continuous flow of CSR information between different departments or sections
- 105 Helps sections or departments to work well together by explaining the wider CSR picture
- 106 Shows capability to manage CSR strategies and processes across sections or departments
- 107 Encourages different departments or sections to share resources in order for the organisation to achieve the organisation's overall CSR goals and objectives

**INFLUENCING ACROSS EXTERNAL BOUNDARIES**

- 108 Builds the organisation's social responsibility image
- 109 Builds the image of the CSR industry or profession
- 110 Listens to the needs of all relevant stakeholders (e.g. customers, employees, suppliers, competitors, government, NGOs and the broader community) regarding the organisation's CSR activities
- 111 Gets involved in community-related initiatives: practises socially responsible citizenship
- 112 Addresses public responsibility issues: practices good citizenship

REVIEWING PERFORMANCE		
113	Gives specific feedback to help employees achieve their goals	
114	Provides feedback to organisation members about the organisation's CSR performance	
115	Measures organisation members in terms of achieving their goals	
116	Provides continuous performance feedback to organisation members in terms of their CSR performance	
117	Measures employees' performance in terms of achievement of agreed upon CSR goals	
118	Continuously shares the results/outcomes of the organisations social responsibility endeavours with organisation members	
119	Regularly obtains feedback from external stakeholders (e.g. communities, government, NGOs) with regards to the organisation's CSR performance	
ACKNOWLEDGING AND CELEBRATING PERFORMANCE		
120	Gives recognition to members for successful completion of CSR initiatives or meeting CSR performance goals	
121	Expresses appreciation for what employees contribute to the organisation in terms of CSR	
122	Celebrates the organisation's major CSR achievements	
123	Expresses appreciation towards organisation members who advance the organisation's CSR goals	

**Thank you completing the questionnaire.**